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BUDGET SPEECH

DELIVERED BY

HON. SIR CHARLES TUPPER, G.C.M.G., C.B., &c.,

MINISTER OF FINANCE,

—IN—

THE HOUSE OF COMMONS,

FRIDAY, 27TH APRIL

1888.



OTTAWA:

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FRIDAY, 27th APRIL, 1888.

Mr. Speaker, in rising to move that you do now leave the Chair for the purpose of going into Committee of Ways and Means, I must again ask the indulgence of the House from the fact that, owing to the circumstances connected with the administration of the affairs of the country, I have been under the necessity of being absent from Ottawa for a considerable period since the last Session. Although my department has been watched over during my absence, first in London and afterwards in Washington, by my colleague, the hon. the Minister of Customs, with his usual ability, yet this House will expect from me, as Finance Minister, the usual statement as to the financial condition of the country. With this brief preface, I will pass at once to the consideration of our condition in that respect. I will first give explanations as to the variations in the financial statements made in May last respecting the year expired 30th June, 1887, and then review the condition of affairs of the current fiscal year, and finally indicate to the House the position that the Government expect will transpire during the next financial year.

FINANCIAL STATEMENT—RESULT OF YEAR 1886-87.

Taking first the financial affairs for the year ended 30th June last, we estimated that the revenue received from all sources would amount to \$35,300,000. In May last, when making the annual statement, I endeavored to deal with our expectations in as careful a manner as I could, and not to overestimate the probable revenue likely to be received. It is with pleasure that I remind the House that the total revenues for the year were \$35,754,993, or an increase over the estimate of \$454,993. The yield from Customs which we estimated would amount to \$22,000,000 actually amounted to \$22,378,800. This increase was no doubt mainly caused by the revenue of the following year being anticipated, owing to the changes made in the

tariff. Before passing from this branch of the subject, I think it will be interesting to point out to the hon. members some of the features which might be termed the curiosities of Customs revenue. In the year ended 30th June, 1886, the amount of duty collected on coal and coke was \$1,072,392. The revenue on these articles for the year 1887 amounted to \$1,178,964, or an increase of over \$100,000 over the preceding year, although 150,000 tons of anthracite coal were admitted free of duty in this latter year, a striking indication of the progress which Canada made during that year in manufactures. In the matter of luxuries such as fancy goods, there was an increase from \$332,246 in 1886 to \$608,776 in 1887. In silks and manufactures of silk there was an increase from \$702,465 in 1886, to \$860,395 in 1887; and whilst on these luxuries the revenue has increased it will no doubt be gratifying to the members of the House to find that in the year 1887, 1,207,284 gallons only of spirits and wine were imported against an importation of 1,400,690 gallons of the same commodity in the year before, and that the revenue therefrom in 1886 amounted to \$1,911,601, whereas in 1887 the yield was only \$1,700,076, showing conclusively that the temperate habits of the people are increasing. Let me add that this conclusion is borne out by the report of my hon. friend the Minister of Inland Revenue. In 1887 the quantity of spirits taken for consumption was 2,864,935 gallons as against an average of 3,376,410 gallons for the two years preceding. I take the average of the two previous years, inasmuch as the quantity taken for consumption in the year 1885 was abnormally large owing to an anticipated increase of duty, and the figures for 1886 are smaller in consequence. The average of the two years is fair and just for comparison. The revenue from sugar of all kinds shows an increase in 1887 of over \$200,000, the amount of duty collected thereon in 1886 being \$2,333,397, and in 1887, \$3,167,528; on wool the duties increased from \$2,499,246 in 1886 to \$3,176,741 in 1887. Coming to matters of Excise we estimated that the yield from this source would be about \$6,000,000. As a matter of fact the yield was \$6,308,201. This increase is accounted for by the fact that an exceptionally large quantity of spirits was entered prior to 1st July, 1887, when the provision of the Inland Revenue Act came into operation respecting the enforced warehousing of spirits for two years prior to sale.

Sir RICHARD CARTWRIGHT. Does that \$6,300,000 include simply the spirit and beer and tobacco duties under the head of Excise?

Sir CHARLES TUPPER. It includes all the excise duties, and the increase is due to the change that was made in the Excise Act, which requires spirits to be aged for two years before going into consumption, and which induced a very large amount to be taken out of Excise previous to the end of the year. In miscellaneous items there was a slight decrease, but the Post Office showed an increased revenue of over \$100,000, and in Public Works, including railways, there is an increase of about \$200,000. We estimated that the expenditure for the year would be \$35,600,000, leaving an estimated deficit of \$300,000. The actual expenditure for the year was very close to the estimate, being only an excess of \$57,680, and the estimated deficit of \$300,000 has been turned into a surplus of \$57,313. In view of the statements

made last year the Government cannot, I think, be accused of laying an over-sanguine statement before the House when we compare the estimate with the final realisations.

PROBABLE RESULT OF FINANCIAL YEAR 1887-88.

I now come to the probable result of the year 1887-88. Having explained to the House the result of the operations of the last fiscal year, I have now to ask their attention to the probable expectation of the present year. It will be recollected that in the last budget speech I stated that the total revenue expected to be realised for the fiscal year 1887-88 would be \$36,400,000, made up as follows:—Customs, \$22,500,000 Excise, \$6,400,000; Miscellaneous, \$7,500,000. Taking first the Customs revenue, I may state to the House that during the year we have experienced a series of ups and downs. It might have been thought likely about last Christmas that the revenue from Customs would not realise what was anticipated, and this might have been justified from the fact that, as has been before mentioned, the revenue from that source exceeded expectations in 1886-87 by about \$300,000, no doubt to a great extent owing, as before stated, to duties having been paid in advance of the alterations made in the tariff last Session. But after Christmas the revenue from Customs began to recover itself, and on the 10th March the amount received exceeded the amount received in the corresponding period of the previous fiscal year by \$100,000. Since 10th March the revenue from this source has again dropped, and I regret to inform the House that up to the latest returns, those to the 20th April, the yield from Customs, as compared with last year, has fallen off \$227,000. As the total revenue from this source in 1886-87 was \$22,378,000, I do not think it would be right to calculate on a greater revenue than \$22,000,000, although we may hope that the early spring may tend to the revival of business and that a possible increase of revenue may again be our portion during the latter part of the fiscal year. But as I have mentioned before I do not think it would be advisable to calculate on a greater yield from Customs than \$22,000,000. The Commissioner of Inland Revenue has informed me within the last few days that the amount that will be received from Excise revenue will be slightly in excess of the \$6,400,000, and we may estimate from this source a revenue of \$6,450,000.

The estimate of Miscellaneous Revenues has been revised by the officers of the Finance Department, and it is thought that from the various sources forming that revenue the amount likely to be received will be \$7,550,000. The total estimated revenue for the current fiscal year will therefore, we believe, be in the neighborhood of \$36,000,000. Coming to the expenditure side of the account it will be seen that Parliament during the last Session granted supply which with the statutory expenditure amounted to \$35,969,981.93. As hon. members are aware we have brought down estimates in addition thereto of \$1,112,000. These two sums would amount to \$37,082,000, and taking the usual savings into account in the estimates, and these last year amounted to \$100,000, I think it is very probable the expenditure will be in round numbers \$37,000,000; and I have already mentioned that the estimated

receipts will be about \$36,000,000. It is but fair, however, that the House should take into account that in the year 1886-87, as I informed the House in the financial statement I made last year I anticipated a deficit of \$300,000. In reality this has been turned into a surplus of over \$97,000; and it is but right to estimate that this sum of \$400,000 was paid in in anticipation of 1887-88. With respect to the probable result of this year I consider that this fact should be taken into account, and having due regard to economy in the expenditure, I trust that the accounts for the present and coming year, taken as a whole, will balance.

ESTIMATED RESULTS OF FINANCIAL YEAR 1888-89.

I come now to what will probably be the results for the year 1888-89. I am inclined to think, from the general tendency of trade, that the merchants of Canada will be careful in the matter of importations, and that it is not likely that there will be any material increase in the amount of importations over those in the last and in the present fiscal year. To be within bounds I put down the Customs revenue likely to be received as \$22,500,000, being \$500,000 in excess of the estimate for the current year. I am informed by the officers of the Inland Revenue Department that, under the present condition of their revenue as compared with the last two years, they calculate that the Excise yield for 1888-89 may safely be placed at \$6,650,000. As regards Miscellaneous I have informed the House that the revenue estimated to be received from this source during the present fiscal year will be \$7,550,000. If we add to this sum the normal increase of revenue likely to be derived from the Post Office Department I think we can safely estimate that the revenue from miscellaneous sources, during 1888-89, will reach \$7,750,000. I, therefore, put down the total revenue from all sources at \$36,900,000. Hon. members have had before them the Estimates for the Public Service for 1888-89; and as, owing to the new departure, many votes have already been taken into account and explanations given in regard thereto, it will hardly be necessary to offer any very extended observations as to the variations in the estimated expenditure as compared with the Estimates asked for in Supply last Session. The amount of the Estimates now laid before Parliament is \$35,421,440.22, but, as hon. members are fully aware, no sums have been placed in the Estimates for mail subsidies and steamship subventions. That question was laid aside in order that we might give more careful consideration to it than we could give before the main Estimates were brought down. There will, therefore, have to be added to the amount already brought down sums sufficient to cover these services, and further amounts will undoubtedly be asked from Parliament in the Supplementary Estimates to complete the services of the year; but I believe that taking all these into account at the close of the year 1888-89, hon. members will find the statement I have made verified, that having regard to the results of the operations for the years 1887-88 and 1888-89 the balance for the two years will maintain an equilibrium.

It is but right to mention some items in the expenditure likely to be incurred next year which show variations and which call for remarks. The interest on Public

Debt shows an increase of \$116,000. This increase, as will be seen by reference to the Estimates, is chiefly made up by the amount \$63,000 required for the Savings Banks in consequence of the increased balances held by the depositors on the 31st December, 1887, and by the probable amount required to meet further indebtedness, \$250,000, less interest on loans maturing, in round numbers, \$200,000. We have also asked for an increase of \$68,000 in the investments for Sinking Funds, that amount being required to meet additional dividends requiring to be invested. The votes for Civil Government have already passed the House, and explanations have been already given of the increase of \$32,000, therein, and also of the increase of \$14,000 in the Administration of Justice. In Pensions and Superannuations there is an increase of \$21,000 largely made up of pensions to officers who have been retired owing to abolition of their offices, and to a great extent this increase is offset by savings in other branches of the service. My hon. friend the Minister of Militia and Defence will explain the increase in his services, mainly in the cavalry and infantry schools. In railways and canals (income) there is an increase of \$78,000, of which \$45,000 is for overhauling the foundation of the St. Ours lock, and the balance is made up chiefly for expenditure on the Welland canal and the Trent River navigation. The Lighthouse service requires an additional expenditure of \$40,000; \$6,000 of this amount being for maintenance and repairs to lights and \$4,000 in the salaries and allowances of the lighthouse keepers. In Miscellaneous there is an increase of \$55,000 made up by the increased cost required for the government of the North-West Territories, the expenditures at the Banff Park, and the plant required for the Government printing office and bindery, explanations of which will be supplied in due course. The other large increase is \$290,000 in the service for Railways and Canals. This amount is made up by the \$300,000 required in the increased cost of repairs and working expenses of the Intercolonial railway. On the other hand the Immigration vote has been reduced by \$100,000, being the estimated saving in the general immigration expenses owing to the abolition of assisted passages and other causes. The £20,000 sterling (\$97,000), the contribution of Canada to the Imperial Institute having been paid, is of course dropped. The Public Works in the vote asked for shows a decrease of \$735,000, but I am afraid this vote will be supplemented to a certain extent. Generally, however, the Estimates have been framed with the full desire to add as little as possible to the expenditures of the country, and the Government have endeavored to ask for nothing more than sufficient to keep the Public Service in a state of efficiency consistent with economy.

Having thus explained to the House to the best of my ability the probable outcome for the coming financial year, I will now, with the permission of the House, direct its attention for a few minutes to the Debt Account.

LIABILITIES OF THE DOMINION.

By the monthly statements published in the *Canada Gazette*, which show fully the financial position of the country, it will be noticed that, at the present moment,

we are in debt in England for temporary accommodation to the extent of £1,000,000. Since May last the country has experienced a certain amount of financial stringency, and one of the results has been that three banks have ceased to transact business. The past summer was one of unusual heat and drought in the Province of Ontario, and the harvest was not up to the average. The same cause has operated against the extensive lumber industry, and on account of the lowness of the water, timber which had been cut and which lay in the streams, could not be made marketable. This has caused a certain drain on the resources of the banks in order that the legitimate requirements of those engaged in the industry should be provided for. But against this we have occasion to be gratified by the splendid harvest in Manitoba and in the North-West. Still it must be borne in mind that we were going ahead rather too quickly. In our cities, and especially in Toronto, there has been a certain amount of speculation in real estate. However, by the exercise of economy and prudence, Canada will soon recover from the present stringency; her trade is, I am satisfied, sound at the core, and will soon return to its normal condition.

At the commencement of the fiscal year the Government, chiefly in deference to the banking community, lowered the limit of deposits in the Savings Banks, and fixed the amount to be received from any depositor to be \$300 in any one year, and \$1,000 in all. Originally, the Savings Bank deposits were unlimited; reduction was then made to \$10,000, and afterwards this was again brought down to \$3,000; now the limit is, as I have said, \$1,000. The effect, however, on the Government Savings Bank deposits, has been that some of the larger deposits held by the Government have been withdrawn, and have gone to swell the general business of the country by transfers to the banks where enhanced rates of interest were offered. The deposits in the Post Office Savings Banks show an increase, and if we set one side against the other, the Savings Bank balances, since the 1st July last, are nearly stationary, that is to say, the deposits equalling the withdrawals. Still, the country is to be congratulated that the deposits have increased in a marked manner from the poorer classes, showing that labor is fully employed and adequately paid. To illustrate this I may state that the number of depositors in the Post Office Savings Bank on the 31st March last, were over 100,000, an increase of over 10,000 since the 30th June last, and the number of depositors in the other savings banks under the control of the Finance Department, increased from 53,000 to 57,000 in the same period. The stationary character of the Savings Bank balances is not to be put down to any withdrawal of capital from the country; these moneys have undoubtedly, for the reasons before stated, gone to the banks, and have been placed in other investments. The Government are of opinion that, by lowering the limit of deposit in the Savings Banks, the funds thus set loose, eased the strain on the banks throughout the country and had the effect of mitigating the stringency. As a result, however, of the stationary character of these balances, the capital expenditure of the country, to a large extent, has had to be met out of the ordinary revenue, and the Government have been obliged to have recourse to the English market, and have borrowed to the extent

already named. The million pounds sterling, which I have already stated, was borrowed in England, represented the amount that we expected to receive from our own depositors. It, therefore, becomes necessary, to complete the capital expenditure, as shown in the Estimates submitted to Parliament, and to pay the several subsidies to the various railways, as detailed in the Public Accounts, that further borrowing powers should be authorised, and a Loan Bill will be introduced hereafter, when it can be definitely ascertained how much the Government will have to place on the market. But I am glad to inform the House and the country that the Government have determined, for the present, with unimportant exceptions, to stop any further outlay on Capital Account beyond that to which the country is now committed.

THE CANADIAN IRON INDUSTRY.

Having so far dwelt on the financial aspect of Canada, I would venture to detain the House by showing, to the best of my ability, how far, the tariff changes of 1887 have affected the Canadian iron industry. It is well known to the House that at the outset much hostile criticism was provoked in England. No doubt this was because our position at that time was not clearly understood. But owing to the explanations made, and owing to a fuller consideration of the Canadian fiscal policy adopted since 1879, hostile criticism has been greatly modified, and generally speaking, that portion of the British press which deals with these subjects, now view in a friendly spirit our efforts to develop, on Canadian soil, the stores of mineral wealth within our borders. Of course, although much has been done, yet sufficient time has so far not elapsed to demonstrate fully the effects of the new tariff, the Act having virtually come into operation at the beginning of the present fiscal year, as the special provision for the admission of goods at the old rate of duty up to the 30th of June, was fully taken advantage of, and in many respects the requirements were to some extent, anticipated. It may be further mentioned that the amount of capital required for the production of iron from the ore, is so large, that great developments cannot be expected in a short space of time. As hon. members know, time is the essence of a bargain, and capital is cautious and very slow to move in new fields of enterprise. Confidence in the permanency of our fiscal policy is a further requisite before capital can be invested in the development of the large works required to build up the iron industries. And here I may state, to show how fully our neighbors are alive to the necessity of a permanent policy, that in the Mills Bill, now before Congress—that is, the Bill introduced into the House of Representatives by the chairman of the Committee of Ways and Means, and which embodies the policy of the Administration, and of the great democratic party in that country—the iron and steel duties are touched with a sparing hand. And the same thing is to be observed with regard to the measure introduced in the House of Representatives by Mr. Randall, whereby no material reduction in the duties on iron and steel is proposed. The course pursued in the proposed revision of the tariff shows a fixed determination, on the part of our neighbors to the south, to continue an efficient measure of protection to that great industry. In the production of iron and steel the United States lead every country

in the world, having obtained this position after 26 years of uninterrupted protection. The changes under either of the proposed Bills leave the iron and steel duties largely in excess of the present Canadian rates. Mr. Mills, under his Bill, estimates the reduction of duties on iron and steel at \$1,000,000, exclusive of \$5,706,433 duties received last year on tin plate, proposed to be transferred to the free list. Of this reduction of \$1,000,000, nearly \$300,000 is on steel rails, leaving \$700,000 for other articles. Separating tin plate and steel rails from the other iron imports we find the imports of "iron and steel and their manufactures" into the United States for the year ended 30th June last as follows:—Value, \$32,736,976; duty, \$14,165,133; showing an average rate of duty of $43\frac{1}{2}$ per cent. Deducting \$700,000 from this duty, as proposed, the average rate is 41 per cent. From this it would appear that apart from tin plate and steel rails the reduction in duties on iron and steel and their manufactures is only from $43\frac{1}{2}$ per cent., as formerly, to 41 per cent. as now proposed. Taking the whole importations of iron and steel and their manufactures into the United States and entered for home consumption for the year ended 30th June last, the average rate of Customs duty was 41 per cent. *ad valorem*, and allowing \$1,000,000 for the reduction of duty proposed under the Mills Bill, the average rate of Customs duty on the same importation would be 39 per cent. *ad valorem*. On the other hand, the average rate of Customs duty on iron and steel and their manufactures imported into Canada for home consumption for the year ended 30th June last was $17\frac{1}{2}$ per cent., and for the nine months ending 31st March, 1888, under the amended tariff, the average rate of duty on these articles has been $23\frac{1}{2}$ per cent. *ad valorem*. Comparing the United States Customs tariff on all goods imported for home consumption with the Canadian tariff on similar imports, the Trade Returns show this result for the year ended 30th June, 1887:

Average rate on United States imports.....	$31\frac{1}{2}$ per cent. <i>ad valorem</i> .
Average rate on Canadian imports.....	$21\frac{1}{2}$ " " "

Comparing dutiable articles under the United States Customs tariff with the same articles under the Canadian tariff, the Trade Returns for 1886-87 show the average duty on United States imports for home consumption to be 47 per cent *ad valorem* against an average of $28\frac{1}{2}$ per cent. *ad valorem* on Canadian imports for the same period. Under the Mills Bills the average Customs rates on dutiable articles, based on United States imports for home consumption for 1886-87, is estimated to be $43\frac{1}{2}$ per cent. *ad valorem*, whilst under the amended Canadian tariff for the nine months ended 31st March, 1888, the average Customs rates on dutiable articles entered for home consumption has been $31\frac{1}{2}$ per cent. *ad valorem*. I might also remark, before going into details, respecting the iron duties, that in addition to requiring time and in addition to the necessity of having a permanent policy we have to overcome the opposition of those interested in the handling and manufacture of the foreign product. But, Sir, the people of Canada have faith in the advantages which local industries confer on the country, and our people of every shade of politics have shown unmistakably the importance they attach to the operation of active home industry by the

readiness with which free sites, exemption from taxes and cash bonuses are offered to start new enterprises to provide industrial employment in the several localities.

With these introductory remarks, I may say, as I shall show in the details which I shall lay before the House, that the action taken last year is endorsed by the representatives of the principal plate and bar rolling mills, who express their satisfaction with the present tariff as a whole, and with its working. It is my intention to give an account of the effect on the market prices, caused by the changes made last year in the tariff, and it may surprise hon. members to be told that the effect of the tariff on market prices of iron has been to make a small increase, but not to the full extent of the increased duty. I propose to take, by way of illustration, the value of warrants in Glasgow, that being the best gauge of the general level of the iron market, and as at Glasgow prices were pretty even during February and December, 1887, I will take those months for comparison. Taking pig iron, the price in Canada was only from \$1 to \$1.25 per gross ton higher in December than in February, 1887, while the additional duty, which took effect 1st July, was \$2.24 per gross ton, indicating that the foreign maker, carriers and importers, &c., had made a concession of about \$1 to \$1.25 per ton to retain the trade. In other words, the consumer paid fully one-half the amount of duty contributed to the revenue. As to bar iron, the price was as follows:—In February, 1887, \$1.60 to \$1.65 per 100 lbs.; in December, 1887, \$1.85 to \$1.90 per 100 lbs., showing an advance of only 25 cents per 100 lbs., while the extra duty was 45 cents per 100 lbs. As to cast-iron water pipes, the contract prices for the Corporation of Montreal averaged as follows:—

For 1885	\$18.50 per gross ton.
" 1886	26.21 " "
" 1887	33.14 " "
" 1888 only	31.10 " "

although the increase in duty has been \$3 per ton. The Montreal corporation water pipes for 1888, above referred to, have been contracted for, and are to be made in Canada from Canadian ore. The increase of price over the average for 1885 and 1886 is thus only about half the increase in duty.

I now come to the effect of the tariff in the explorations made as to new fields for the development of this industry, and I am glad to be able to state that very extensive and valuable deposits of iron ore have been discovered in the vicinity of Port Arthur, Ontario, and on Hunter's Island near the boundary line. When the Thunder Bay Colonisation Railway reaches these points the opening up of these deposits will be facilitated. South of the Canadian Pacific Railway crossing of the Seine River, about 100 miles west of Fort William, an immense deposit of high grade Bessemer iron ore has been discovered. It is said to be the largest and purest body of ore ever found in America. The ore is a black magnetic oxide and analyses from 62 to 70 per cent. of metallic iron.

Having briefly noticed the effect of the changes in the tariff as shown in the new discoveries, I will now trouble the House for a few moments to point out what has

been done in the Dominion towards the organisation of new iron works. The Bristol Mine in the county of Pontiac, Quebec, which had been closed for a time, has been recently acquired by a company who have been employing about 300 men around the mine. Roasting kilns have been erected for calcining the ore, but operations have been interrupted pending the completion of needed railway facilities. The various individual interests in the iron mines along the line of the Kingston and Pembroke Railway, have been consolidated into one company with sufficient capital to operate them. Some of the ore shipped from this district to Chicago has been pronounced by experts to be the purest ore ever received there, the percentage of phosphorous being extremely low. I am informed that preliminaries have been arranged for the erection of a blast furnace at Trenton, and in the iron districts of Cape Breton and Nova Scotia a good deal of exploratory work has been done. The Pictou field has attracted marked attention, having been visited by a member of one of the leading firms of English ironmasters and by representatives of other capitalists, for the purpose of examining and reporting on the ores. The situation for the manufacture of iron and the quality of the ores have made a favorable impression, and negotiations now in progress, it is stated, point to an early arrangement for the erection of large iron works in that locality.

Having thus briefly referred to the new discoveries and to the works that have been organised, it becomes also my pleasing duty to show to the House how the industries in existence prior to the change in the tariff have been expanded, and of this expansion and progress there is already substantial evidence. The foundries, machine shops, bridge works and kindred factories throughout the Dominion have been fully employed last year and have shared in the general prosperity. There can be no question but the general effect of the new iron duties has been to stimulate home industries, and will cause the great bulk of our iron to be produced in the country, at the not distant future. At Londonderry the works of the Steel Company of Canada, which have been in liquidation for some years, were acquired at the end of February last by a new company of English and Canadian capitalists, who propose running them to their full capacity and extending their operations. One of the smelting furnaces which suddenly gave out in January is undergoing repairs, and the other furnace which has been silent since 1884, is being rekindled. These furnaces have a capacity for turning out 25,000 tons each of pig iron per annum. Puddled iron bars in considerable quantities were manufactured last year by the company. The employment for labor afforded in December, 1887, at the works shows an increase of more than 50 per cent. over the corresponding month in the previous year, as will appear by the following statement:—

	Dec. 1886.	Dec. 1887
Number of men employed.....	300	500
Disbursements for fuel, flux, other materials and freight, representing labor indirectly employed.....	\$16,000	\$25,700
Value of product	29,300	47,500

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At New Glasgow the recent tariff changes have had the effect of largely increasing the sales of the Nova Scotia Steel Company, as the following statement shows:—

The orders now in hand are greater than the entire shipments for the last six months of 1886. The company has been consolidated with the Nova Scotia Forge Company, and arrangements made for the addition of a new smelting furnace, which will double the output of the Steel Works and will mean a disbursement of nearly \$250,000 a year for wages, fuel and railway freight. At St. John, N.B., reports from the Cold Brook Rolling Mills are to this effect. I quote from a letter received from the President of the Company:

There were, it appears, 50 per cent. more men employed in the Rolling Mills in 1887 than in any of the years 1884 1885 or 1886. At Montreal, Pillow, Hersey & Co., have converted themselves into a joint stock company with a capital of \$800,000,

and the Canadian Pacific Railway Co., contemplate the erection, during the present, season of a shop for passenger car work, and when this is completed all of their rolling stock of every description will be made in the country. The company built 24 locomotives in 1886 and 24 in 1887; and they have not purchased any locomotives outside of Canada since October, 1884, excepting two special ones for the mountain grade. All of their freight cars for several years back have been built in Canada, and practically all of their passenger cars are now built in Canada, excepting some of the sleeping and dining cars. The Montreal Rolling Mills Company have added to the capacity of their bar and plate mills by running night and day. 1887 was the first year during which the bar mill was run at night, and last year they worked 10,000 tons of iron of all sorts and used about 10,000 tons of fuel. They have recently put in an extensive wrought iron pipe plant embodying the latest improvements, which can turn out 6,000,000 feet of piping per annum, using up 4,000 tons of material to do so. The new pipe mill is running day and night. A German firm from Dusseldorf have decided, as I am informed, to erect extensive works at Montreal for the manufacture of wrought-iron pipe and boiler tubes, which will be a new manufacture in this country.

At Kingston, important changes have taken place in the locomotive works. Messrs. Dubbs & Co., of Glasgow, one of the largest manufacturers of locomotives in Great Britain, have invested in the Kingston locomotive works. They now manage and control them, and have in view their operation on a larger scale. At Hamilton, as one effect of the recent tariff changes, an establishment has been erected capable of giving employment to 400 hands in the manufacture of wood screws, carriage bolts and the like. In cast-iron pipe manufacture at Hamilton the immediate result of the tariff has been that the Canada Pipe Foundry has been steadily employed during the past season, and will soon necessitate its increase to double the present capacity. The Hamilton Bridge Company report:

"We use iron of local manufacture very largely, and find it of at least equal quality to that imported, and the price, as far as our experience goes, is reasonable and not so high as the full tariff increase would warrant. We also have the great advantage of ordering and obtaining this material when wanted, and without having to lay in large stocks."

Burrow, Stewart & Milne, of Hamilton, say:

"We are using half of all the iron that we run of Canadian make, and find the quality first-rate, A. 1."

The Ontario Rolling Mill Company report with regard to the new tariff:

"We are now beginning to feel the beneficial effects and expect we shall be called on by spring to make far more iron than ever before. We shall be able to turn out by spring nearly double the tonnage we ever made here. We are also arranging to start up the mill we have in London either there or elsewhere, so that by May we can, if necessary, make in that mill about 35 tons per day."

The Hamilton Iron Forging Company say:

"In our own business we have felt the good effects of the wise and judicious policy of the Government, notably during the last four months, having largely increased our output by running our force full time both night and day, and within the past few days have started another furnace in our

establishment with all the necessary equipment capable of turning out one car load more of finished bar iron per day; this will give active employment to 12 skilled men besides day laborers; we have also increased the capital stock of our company for the purpose of further developing the business, and in the near future we propose placing in position another mill plant with a capacity of 6,000 tons per year.

"In conclusion we have much pleasure in stating we never heard a consumer of iron complain of the tariff changes; moreover, we desire to place on record the general feeling and satisfaction expressed by them in having their wants supplied promptly at home without having, as in the past, to purchase abroad and carry large stocks and pay cash for them. They can now secure iron within a reasonable time that at once goes into legitimate consumption, thereby giving a healthy and vigorous tone to business.

"The continuation of an iron policy wise in its inception and having for its object the development of the mineral resources of this country covering the whole Dominion of Canada, meets with our hearty approval, and must eventually lay a foundation broad and enduring that will be materially helpful to every class of men living between the Atlantic and Pacific Oceans."

As closely connected with the development of manufactories and as an evidence of the steady progress of the country, it may be mentioned that, in addition to the expansion of the iron industry, the changes in the tariff had a beneficial effect in increasing the output of coal from the mines. In the Nova Scotia and Cape Breton coal mines the following is a close estimate of the output—I give the totals of Cumberland county, Pictou county and Cape Breton:—

	1886.	1887.
Cumberland County Mines, tons.....	416,000	469,242
Pictou County Mines, ".....	399,000	338,050
Cape Breton Mines, ".....	588,000	717,000
Totals	1,373,000	1,524,292

In 1879, the coal raised at Spring Hill was 92,000 tons; in 1887, the output had increased to 442,000 tons. At this mine 1,400 men and boys are employed, the largest force at any mine in Canada.

THE WEST INDIA TRADE.

Having thus, I trust, shown to the satisfaction of the House the effects of the tariff changes on the iron industry, I propose to show what has been done towards the development, and extension of the West India trade. The West India trade for the past year has been on the whole profitable. The present prices of fish in the West Indies during the past year would have been considered good. The price has advanced so much that our fishermen have greatly benefited thereby; and I have no doubt that part of the benefit, though not so much as went to the fishermen, accrued to the merchant shipper. It must be borne in mind that an important factor in the West India trade is the return cargo of sugar. It is gratifying to see that the recent change in the sugar duties, putting the same duty upon all sugars for refining purposes according to their polariscopic test, has had the effect of encouraging the importation of sugar from the West Indies, especially into Nova Scotia. The importation of West India sugar into Canada (including British Guiana sugar) amounted for the following years, viz.:—

	Lbs.
Year ended 30th June, 1886	59,854,645
" " 1887	51,021,331

Or a decrease of 14½ per cent.; and into Nova Scotia alone :

	Lbs.
Year ending 30th June, 1886.....	19,830,723
" " 1887.....	24,398,201

Or an increase of 23 per cent. The importation of sugar from the West Indies (including British Guiana) into Halifax, amounted for nine months ending 31st March, 1888, to 33,837,455 lbs. The importation from the West Indies for the quarter ending 30th June, is usually about half as much as that of the other three-quarters combined. It will thus be seen that the importation of West India sugars into Halifax alone for the current year will amount to more than double the importation into Nova Scotia for either of the two preceding years, and probably to as much as the importation into the whole of Canada for either of the years named. With regard to the conference which recently assembled in London on the sugar bounties, I may here state that the proposed abolition of bounties on beet root sugar by European Governments, if carried into effect, would be of much benefit to the Canadian West India trade.

I have thus far dwelt almost exclusively on the special trade with the West Indies in connection with sugar, but, as a few nights since a debate arose on the general West India trade, I do not think it out of place to trouble the House for a few moments while I glance at the general trade of Canada with the West Indies. I find that in 1878 the total value of the imports entered for consumption from all the West Indies was \$1,181,728; and in 1886 it had increased to \$3,249,642. As will be seen from what I have previously said in reference to the importation of sugar for the nine months ended 31st March last, I consider that in the general trade there will be a still further development in the present year. As regards the whole trade, both imports and exports, I find that in 1878 the total value of these amounted to \$4,689,473, in 1886 to \$5,553,892; and when we take into account the development in the importation of sugar on the one hand and the exportation of fish and the other products of the country on the other, it is more than likely that the total volume of the trade will increase in the near future. I may mention here that the Government, with the view of expanding the trade of Canada, have sent an agent of very considerable commercial ability, from St. John, N. B., to investigate the chances of extending our trade with Brazil and the Argentine Republic; and we hope also, at no distant day, to give an increased stimulus to the West India trade by the establishment of a line of steamers between a Canadian port or Canadian ports and those countries.

INTERPROVINCIAL TRADE.

At this point I take the opportunity to make a passing reference to our cotton industry. There are now about 60,000 bales of raw cotton, in value about \$3,000,000, used annually in the Dominion, being an increase in ten years of nearly 50,000 bales. In the Dominion there are now about half a million spindles, employing

about 9,000 hands, with an invested capital of about \$8,000,000. I am afraid I am troubling the House with the details I have already laid before the hon. members, but if I may presume to trench on their patience, I propose to show how steadily inter-provincial trade has developed in Canada. From returns furnished by the Intercolonial Railway I find that the following movements took place in 1878 and in 1887 in passengers and articles carried both ways:

	1878.	1887.
Flour.....Bris.	637,778	753,480
Grain.....Bushels	331,170	1,016,334
Live stock.....No.	46,493	60,782
Lumber.....Feet	56,600,000	161,100,000
Manufactures.....Tons	140,858	820,000
Other articles (not including firewood)....."	230,741	
Total freight.....	522,710	1,131,334
Passengers.....No.	618,957	940,144

Of the above, in both years, flour, live stock and lumber were local, as distinguished from through freight for export. As regards grain there were 440,454 bushels local freight in 1887 against 331,170 in 1878. The total increase of freight in 1887, as compared with 1878, was 608,000 tons, and speaking of the proportions between local and through freight, the general manager [states that the increase is about equally divided. This would give an increase of local traffic equal to over 300,000 tons in 1887, as compared with 1878, or an increase of 57 per cent. The increase in the movement of passengers I regard as indicative also of increased inter-provincial trade. Taking some of the articles carried westward, the growth in this trade I regard as indicated by the quantity of coal yearly transported by rail from Nova Scotia. For the several years, from 1879 to 1886, the following quantities were carried west by the Intercolonial Railway:

Year ended December.	Tons.
1879.....	570
1880.....	10,246
1881.....	30,620
1882.....	25,089
1883.....	54,691
1884.....	112,698
1885.....	165,791
1886.....	175,512

As a further evidence of this we may take the return of coal sales. According to the Nova Scotia Department of Mines in 1877, these were 687,065 tons, of which 95,118 tons went to Quebec, leaving for all other points 591,947 tons. The upper Provinces accordingly took 13 per cent. of the whole sales of Nova Scotia in 1877. In 1886, the return of coal sales was 1,373,666 tons, of which 538,762 tons were sold to Quebec, leaving for all other points 734,904 tons. It will thus be seen that the Upper Provinces took 40 per cent. of the whole sales in 1886 against 13 per cent. in 1877. The returns for 1887 show that the sales of coal to the Province of Quebec were 650,853 tons against 538,762 tons in 1886. For the past year, the

Chief Superintendent of the Intercolonial Railway reports that the shipments of refined sugar westward were:

	Barrels.
From Halifax.....	88,996
" Moncton.....	56,992
Total.....	145,988

This trade did not exist ten years ago. A large increase is also reported in the transport of lumber, in the traffic of fresh fish to the Upper Provinces, and in the live stock business, the latter entirely in the local business and not in the carriage of cattle from the west for export. Each year sees new branches of inter-provincial trade opened up. Between the 16th September and the 8th October, 1887, shipments of oysters from Point du Chêne were:

	Barrels.
To Montreal.....	3,143
" Other Stations on Grand Trunk Railway.....	83
" Quebec.....	2,081
Total.....	6,257

As further evidence of inter-provincial trade, I find that the freight billed from stations in New Brunswick, on the Intercolonial Railway, and from stations in Nova Scotia, on the Intercolonial Railway and Eastern Extension, was:

1887.....	197,774 tons.
1880.....	47,142 "

Increase..... 150,632 " or nearly 320 per cent.

The New Brunswick Cotton Mills report an increase in sales of \$52,437 in 1887 over 1886, and total sales of \$599,147 during the past three years to the Upper Provinces. The Moncton Cotton Mills report an increase of \$12,495 in 1887 over 1886, and total sales of \$366,622 in three years to the Upper Provinces. The Halifax Cotton Mills report total sales to the upper Provinces in four years of \$528,400. The Windsor Cotton Mills report total sales in four years to the upper Provinces of \$437,522. The Nova Scotia Steel and Forge Company report total sales of their product to the Upper Provinces, during the past four years, of \$850,478. It is gratifying to note that in every instance the returns show a steady increase. Thus the shipments by railway of the products of the Steel and Forge Company in 1887 were 155 per cent. more in value than those of 1884, notwithstanding the decrease in price of 45 cents per ton in 1887, as compared with the average price of 1884. In addition to coal, the Intercolonial carried, in 1887, over 6,000 tons of stone, nearly 20,000 barrels of plaster, over 45,000,000 lbs. of iron, 13,300 barrels of pickled fish, over 3,000,000 lbs. of fresh fish, 4,250,000 lbs. of dried fish, 750,000 lbs. of canned fish, and 16,000 barrels of oysters, all for the Upper Provinces. Besides these, numerous other articles of commerce, as well as railway plant and the like, have found their way to the Upper Provinces from the maritime section.

Mr. PATERSON (Brant). Has the hon. gentleman a comparative statement of the receipts of the Intercolonial Railway for the periods included in the statements he has just given?

* Sir CHARLES TUPPER. I will be able to furnish my hon. friend with that. I thought the question of interprovincial trade was transcendent in importance, and that it would not be necessary to go into the question of receipts.

Mr. PATERSON (Brant). But it does go into it.

Sir CHARLES TUPPER. I would be very glad, in discussing the items in connection with the Intercolonial Railway, to furnish the information the hon. gentleman has suggested. It does, no doubt, go into it; but, after all, I must be excused for saying that I think it is a matter of secondary importance to the great one of building up a large inter-provincial trade between one section of our country and another. We must also bear in mind that there is a very large water-borne trade, as indicated by the shipping employed in coasting. The tonnage employed in the coasting trade between Quebec, Nova Scotia, New Brunswick and Prince Edward Island in 1887 aggregated 9,358,735 tons, against 5,321,726 tons in 1877, an increase of nearly 76 per cent. Taking the three Maritime Provinces, in 1877 I find that the various ports of the section saw 12,268 arrivals of vessels, and as many departures. That seemed a good business, but so vast has been the change that in 1887 these ports witnessed 23,611 arrivals and as many departures of coasting vessels. In 1877 there were 21,323 arrivals and as many departures of coasters in the whole Gulf and Atlantic coast, and in 1887 the arrivals had risen to 35,330, with as many departures. Moving all along the coast and river line, as far up as Montreal, these coasting vessels have found in inter-provincial trade a development they never would have found confined in the limits of their respective Provinces. The increase in the number of arrivals and departures marks the development of trade and intercourse that has taken place between the Provinces by the sea and those on the St. Lawrence River. This development is the more marked because it has taken place during the very years that the Intercolonial Railway has been in operation. That railway is a continuous coasting vessel day and night conveying the goods of one part to the other parts of the Dominion, from the Maritime Provinces to the Upper Provinces, and *vice versa*. So great has been the increase of inter-provincial and of provincial trade, general internal commerce, that the demand for coasting vessels has gone on increasing until now there are nearly 60 per cent. more trips made in the year by the coasting marine of the country on the Gulf of St. Lawrence and Atlantic coast than ten years ago, and the tonnage employed has increased 76 per cent., showing the employment of a superior class of vessels. In the United States, as hon. gentlemen who have looked into this subject at all are, no doubt, aware, the completion of the railway has resulted in diminishing the enrolled and licensed tonnage employed in the Atlantic coasting trade. In Canada there has been found increasing employment for the railway and for the coasting vessel, the first showing an increase of

freight carried of 116 per cent. in ten years, and the latter, judging from increased tonnage, of 76 per cent.

As a single illustration of the growth of the trade between the Upper and the Maritime Provinces, I may state that the tonnage of vessels arrived at the port of Quebec from the Maritime Provinces during 1887 was 193,000 tons, being an increase of 33 per cent. over the preceding year, and an increase of 47 per cent. over 1885. Hon. members will be interested to learn, as a further evidence of inter-provincial trade, that the coasting trade of the whole Dominion has been steadily increasing, judging from the tonnage employed, until now it is double what it was ten years ago, as the following figures show:—

Tonnage.		Tonnage.	
1877.....	8,988,862	1883.....	15,683,536
1878.....	11,047,661	1884.....	15,473,707
1879.....	12,066,633	1885.....	15,944,421
1880.....	14,083,013	1886.....	16,368,274
1881.....	15,116,766	1887.....	17,513,677
1882.....	14,791,064		

CHIEF RESULTS OF CANADIAN TRADE IN 1886-7.

If hon. members will allow me, I will here state to the House that the chief results of the Canadian trade in 1886-87 were pretty much as follows:—The total exports exceeded those of the previous fiscal year by \$4,250,000, being 8 per cent. in advance of the average of the 20 years of Confederation. The export of the fisheries show an increase of 15 per cent. over the average of the preceding twenty years, the total amount being \$32,000 more than in 1885-86. The export from the mines of Canada show an increase of 13 per cent. over the average of twenty years, but a decrease of \$150,000 compared with the previous year. The forest export shows a decrease of 7 per cent. compared with the twenty years' average, and a decrease of \$500,000 compared with 1886. I referred before to the fact that the great drought and the want of means to get the lumber and the material for its manufacture down the rivers, had a serious effect in checking our trade in lumber. The export of agricultural products show an increase of 80 per cent. over the twenty years' average, and an increase of \$1,200,000 over the year 1886. The export of animals and animal products show an increase of 50 per cent. over the twenty years' average and of \$2,200,000 over the export of 1886. The imports for home consumption were 8 per cent. more than the average for twenty years, and \$6,000,000 more than in 1886. The total imports were \$3,400,000 more than in the previous year. The imports of woollen manufactures were 28 per cent. more than the twenty years' average, and \$2,500,000 more than in 1886. The imports of cotton were 54 per cent. less than the twenty years' average and \$200,000 less than in 1886. The total tonnage of shipping employed in external trade was 14,000,000, being 130,000 tons more than in 1886 and 16 per cent. more than the twenty years' average, and, as I have said before, the total tonnage employed in the coasting trade was 17,500,-

000 tons, being 1,200,000 tons more than in 1886 and 21 per cent. more than the twenty years' average. The tons of freight brought into and carried out of Halifax by shipping increased 73 per cent. in 1887 as compared with 1878. The shipping carrying cargoes into and from Halifax in 1887 was 125 per cent. more than in 1868. Halifax increased during the past ten years in the tonnage of cargo carried in and out more than any other port, Montreal having increased 67 per cent. while Halifax increased 73 per cent.

Having detained the House at some length with these statistics, which are always very dry, but which I think are not uninteresting, considering the great importance we all attach especially to inter-provincial trade, and to the fact that Confederation has become more than a name, that instead of its being a Confederation on paper, a mere union by which these Provinces are brought under one central Government, it is found that, notwithstanding some geographical difficulties from the great length and the comparatively narrow breadth of our country, a very rapidly increasing and a very large trade is growing up, showing the intimate commercial relations which are being established between one portion of our country and the other—I do not intend to detain the House by going over at any length the statistics which bear upon the year's progress, to which I alluded a year ago, when making the financial statement. I have had prepared by Mr. Johnson a series of diagrams in the same form, though I believe somewhat improved, as those which were presented to the House last year, and I have had these placed in the hands of every hon. member, so that he may ascertain the exact position we are in and the progress we are making.

Mr. PATERSON (Brant). There are some new tables in this.

Sir CHARLES TUPPER. Yes, there are some additional tables which I thought would be of interest to the House as illustrating the subject with which I am dealing, and that is, endeavoring to put before the House something which will give information as to the position which the country occupies, not only in regard to a large number of financial questions, but also in reference to the trade and commerce and development of the country, and I have had them put in such a form as to attract the attention, not only of the members of this House and the people of the country generally, but of any persons who may be desirous to take an increased interest in this country. (For Tables see appendix.) I do not propose to detain the House very much longer, but, before sitting down, there are two or three questions to which the House will no doubt expect me to allude.

CLOUD PASSED AWAY.

When making the financial statement a year ago, I was obliged to state to the House that there was one cloud on the horizon. I think I would hardly be wrong in saying that there was a cloud both on the political and the commercial horizon; and that cloud was the very unpleasant relations which at that time threatened to arise

between us and our great neighbors to the south of us—between the United States of America and Canada. I am happy to be able to congratulate the House on the present occasion, upon that cloud having entirely passed away; and I am glad to be able to give to the House the most conclusive evidence that, I think, could be required on that point, by reading brief extracts from very high authorities, and which, I think, the House will regard as entirely conclusive upon that question. I will first read an extract from the Message sent by President Cleveland to the United States Senate, in submitting the treaty that was recently arranged at Washington between Great Britain and the United States of America, in which that gentleman used the following language:—

"The treaty now submitted to you has been framed in a spirit of liberal equity and reciprocal benefits, in the conviction that mutual advantage and convenience are the only permanent foundations of peace and friendship between States, and that with the adoption of the treaty now placed before the Senate, a beneficial and satisfactory intercourse between the two countries will be established, so as to secure perpetual peace and harmony."

Mr. Bayard, in a letter which I recently had occasion to quote, and which was made public in the United States, when addressed to parties who had invited him to go to New England to make a speech, said:

"Conciliation and mutual neighborly concessions have together done their honorable and honest work in this treaty, and paved the way for the relations of amity and mutual advantage."

I think, Sir, with that evidence, I am justified in congratulating the House that the only cloud that we could see upon the horizon has entirely passed away. The House of Commons of Canada have ratified that treaty by their action, and I have no doubt that the other branch of Parliament the Senate of Canada, will ratify that treaty; and I am still sanguine that that treaty will not be rejected by the Senate of the United States of America. But, as I said before, come what may, we have the fact placed on record from the very highest sources connected with the administration of that great republic, that the Government of Canada and the Parliament of Canada have been prepared, by mutual concession, to ratify a treaty which would dispose of the question that was causing so much unpleasantness between the two countries; and whatever may be the action of the Senate of the United States upon this question, I think I am not too sanguine in expressing the conviction that nothing will occur to disturb that continued harmonious intercourse between the two countries, that friendly reciprocity of good neighborhood, that will not only dispel any cause of anxiety in regard to our relations with the great republic, but will lead us to anticipate a larger and freer commercial intercourse than has hitherto taken place.

NO ALTERATIONS IN CUSTOMS TARIFF.

I do not intend to ask the House, in going into Committee of Ways and Means, to make any alteration in the Customs tariff. As I said before, nothing is more important in regard to the trade and business of a country, than confidence on the part of commercial men in the permanence of existing arrangements; and I feel that we can scarcely do a greater service to the country and to the development of our best interests, than

by showing that it is not necessary continually to change our tariff arrangements. I am satisfied that no gentleman who has ever held the position that I now occupy as Finance Minister, has been less troubled than I have been with applications for a change of tariff. I am quite certain that my hon. friend from South Oxford (Sir Richard Cartwright), when he held that position, had a hundred applications for a change of tariff during every year that he administered the office of Finance Minister, for every single application that I have had during the present Session. I may be told that a hint which we gave to the country, rather discouraged applications; but at the same time I believe that it has, to a large extent, arisen from the fact of a general satisfaction upon the part of the country with the tariff which we now have upon the Statute-book, and a disposition not unnecessarily to disturb it, but to allow it to have an opportunity of being fairly tried and fairly tested.

PROTECTION TO IRON INDUSTRY

A year ago it became my duty to submit a very startling proposition to this House in regard to the iron industry of the country; it became my duty to make a very radical change in the tariff in regard to that industry. I think, considering the difficulties to which I have adverted, that capital is extremely cautious, and that the capital required for the establishment of new iron industries is so enormously large, still we have every reason to be satisfied with the indications we see that there will be no want of capital in a short time, and that at no distant day we shall be able to manufacture, on Canadian soil, and with Canadian ore, all the iron—and a very enormous consumption *per capita* it is—that is used in our country. It has been a source of great gratification to me to be able to read to the House, as I have done, the evidences that we have on all sides from parties connected with the development, not only of the iron industry, but parties who are engaged in the various manufactures of iron, of uniform satisfaction; and I am safe in saying that I have not received from any source, from either a company or any important and prominent individual desiring to invest money in the iron industry, a single remonstrance against the very great change that was made a year ago.

STEEL RAILS

I have been pressed, and strongly pressed, to take another step in that direction, for the purpose of having steel rails manufactured in our country. I mentioned to the House a year ago that Canada was the only country in the world possessing 12,000 miles of railway within its borders, that did not manufacture its own steel rails, and I had the evidence presented to me that, by giving proper protection, such protection as we gave the other branches of the iron industry, we might succeed in establishing rolling mills for steel rails. But we had to take into consideration the fact of the enormous importance of the railway development of a country like Canada, and under those circumstances we have, although we considered it a subject worthy of attention, whenever it can be properly taken up—but considering the great and vital importance of railway extension to the prosperity of this country, we felt

that we must postpone, at all events, for this year, making such a change as would lead to the establishment of rolling mills in this country for the manufacture of our own rails.

STATUTORY OFFER OF RECIPROCITY

I am glad, as I say, to be able to state to the House the uniform satisfaction that seems to be expressed all over this country in regard to the present tariff. I will not say more upon the subject than refer to the Bill that I propose to introduce in connection with the resolutions that are on the Table, when we go into Committee on Ways and Means, and that is to a large extent to meet the changes in the Act proposed, in what I have termed the Mills' Bill. I need not remind this House of what I said a few days ago, that both parties in this House, whether in power or out of power, had been exceedingly anxious to obtain a return to the Reciprocity Treaty of 1854, or such reciprocal trade relations as were enjoyed between Canada and the United States under that treaty. I am bound to say, I am quite certain every hon. gentleman who has looked into the subject with the care and attention I have,—and no doubt, considering its importance, a great many hon. gentlemen have done so,—I am bound to say that I believe this country would be greatly disappointed if the Reciprocity Treaty of 1854 were re-enacted. While that treaty gave the most undoubted stimulus to the trade and business of Canada, while that treaty, advantageous as it was to Canada, was still more beneficial to the United States than it was to us, I cannot forget that a great change has taken place in this country and in the United States in a great many very important points that would bear upon the operation of that treaty if it were re-enacted to-morrow. But the House is perfectly aware that all the efforts, and they have been great and continuous, made by hon. gentlemen on both sides of the House when in power to obtain a return to the Reciprocity Treaty of 1854, have proved abortive. It would, perhaps, be a waste of time to go into the causes that have resulted in that; suffice it to know that all our efforts in that direction have ended in failure. The House is aware, from my statements on a former occasion, that we not only endeavored to obtain re-enactment of the reciprocity treaty as a question of treaty, but that we also endeavored to promote a freer intercourse of trade, freer commercial relations between Canada and the United States, by the placing upon our Statute-book for a very long period what was held to be a statutory invitation to the United States to meet us half-way in reference to certain articles. Those articles did not cover all the articles that were in the reciprocity treaty, but as long ago as 1849, Canada, before Confederation adopted that clause, and it has been re-enacted in every re-enactment of the Tariff Act, I believe, from that time down to the present period. The object of that was to direct the attention of our American neighbors to the fact that we were anxious to promote freer commercial intercourse between the two countries. It appears that certain articles that were named in that statutory clause were made free two or three years ago in the United States. Attention was not drawn to it, I believe it escaped the attention of hon. gentlemen on either side of the House, and the attention of the Government was not drawn to it until a very recent period.

Sir RICHARD CARTWRIGHT. Excuse me for mentioning it, but attention was drawn to it.

Mr. MILLS (Bothwell). We had an hour's discussion on it.

Sir CHARLES TUPPER. When?

Sir RICHARD CARTWRIGHT. In 1886.

Sir CHARLES TUPPER. Then I must say, in justification of myself, that I do not think I was here in 1886.

Sir RICHARD CARTWRIGHT. I think you were not.

Sir CHARLES TUPPER. At all events I do not remember, and I am not as a rule deficient in memory, the subject having been brought under the notice of the House, and although I have been a tolerably close observer, whether here or abroad, of what has transpired in this House, I do not remember to have seen any reference to the subject. If, as the hon. gentleman says, and I must of course, accept his statement, attention was drawn to it, I regret my own attention has not been drawn to it. I may here mention that no communication down to this hour has been had with Her Majesty's Government on the question that certain articles contained in that statutory invitation had been made free in the United States, and I make this statement as I wish to correct an improper impression that has gone abroad that we had been in communication with Her Majesty's Government on this subject—but when at a very critical period in the relations between the United States and Canada our attention was drawn to the question, by the Government of the United States, we felt that under all the circumstances the wisest course to pursue was to meet the proposal that had been made and to put on the free list the articles that were contained in that clause and which had been made free by the action of Congress. I see a very erroneous impression abroad in many quarters as to the effect of these resolutions which are placed upon the Table with a view to the amendment of that clause, or rather to its repeal and the substitution of a somewhat different clause, and that is that the result of that action will be to destroy the effect of the proclamation which put the articles named on the free list. That is an entire misapprehension. Parliament clothed the Governor General in Council with power to put certain articles under certain conditions, upon the free list, and, that power having been exercised, those articles are on the free list of Canada and duties can only be imposed on those articles by the re-enactment of a new tariff placing duties upon them. I mention this because it has been so stated in the press, I do not consider it is an attempt to misrepresent the position, but it is a statement likely to create a very erroneous impression on that point. I have drawn the attention of the House to the fact that the difficulties having been removed by the Treaty between the Governments of the United States and Great Britain and between the Governments of Great Britain and Canada, very shortly thereafter we found a Bill

introduced by Mr. Mills, Chairman of the Committee on Ways and Means, placing a number of articles in which we are very much interested in Canada, upon the free list. And I will say this, that it is one thing to make a treaty and another thing to make a statutory arrangement, to make a legislative reciprocity. You may be induced to put a large number of articles into a treaty that you do not desire to be made free, that if you had your choice you would not put on the free list, but you agree to it for the purpose of getting other articles there which you very much desire to be there; consequently a treaty is made a matter of mutual arrangement, of mutual concession, and it has the advantage that being a treaty it cannot be affected during its continuance by any legislative action on the part of one country or another. But under legislative reciprocity the whole thing is entirely changed, as the House will see, and we cannot imagine for a single moment that the policy of that great country is going to be materially influenced by any reference to Canada. When we take the proposal to put lumber on the free list, as it is proposed in the Mills' Bill, a Bill regarding which I still entertain a very sanguine hope, that it will become law during the present session of Congress,—I say when we find that to be the case, we know at once that it is not for the purpose of furthering Canadian interests. It is done simply because in carrying out the policy of the democratic party of the United States, they desire to make that article free in the interests of their own country, and in the interests of their own people. So in regard to a large number of other articles. But, as I have said, that proposal in the Mills' Bill is coupled with the state ment that lumber will only be free to countries that have no export duty on logs. The consequence was that I prepared this Bill of which I have given notice in the resolutions, by which the export duty can be taken off logs by an Order of the Governor General in Council. If the Mills' Bill, a month hence, become law, and lumber be made free, our lumber would still be met in the United States by the same duty as before the passage of that Act. Consequently it became necessary, as every gentleman in the House will see, that in order to give Canada the advantage of having this large industry relieved from the heavy duty which is imposed upon its products in the United States of America, it became absolutely necessary to arm the Governor General in Council with power, when that Bill became law, to repeal the export duty on logs, in order that we might enjoy the advantage that is thus given under that Act. But, Sir, we must not forget that although lumber may be made free, although a large number of other articles in which we are greatly interested may be made free under that Bill, that it is only an Act of legislation. It is not a treaty, it is not a matter of arrangement for ten or twelve years, as on former occasions of reciprocal action between the two countries which was arranged by treaty. We have the disadvantage of knowing that there is not that fixity in legislative arrangements that there would be under a treaty, but counterbalancing this we are left in Canada as free as the statesmen of the United States are left, to alter or modify our legislation, and under a reciprocity of tariffs each country remains perfectly free from Session to Session, to make just such changes in extending the free list or in curtailing it and imposing duty upon articles that have previously been made free, as they had before. There

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is no obligation resting or binding upon either country, and, under those circumstances, I felt that it was right for the protection of Canadian interests that we should modify this clause and only embrace in it such articles as we were all quite satisfied it would be in the interest of Canada to make free, whenever they were made free in the United States of America. Salt stands in the same way. In the Mills Bill it is provided that salt shall be made free, but only when coming from such countries as do not charge duty upon salt going into that country out of the United States. So in the same way as in reference to lumber, in order to get the advantage of that Bill, if it were to pass to-morrow or a month hence, it was absolutely necessary the Governor General in Council should have power to deal with that subject so as to put salt on the free list, and give—as I have no doubt that action would give—a very great impetus to that very large and important industry in the Province of Ontario. Now, Sir, I do not think it will be necessary for me to say more in reference to that, but I want to draw the attention of the House for a few moments to a subject of very considerable importance.

UNRESTRICTED RECIPROCITY.

When I was standing here a year ago I congratulated the House, and I congratulated the country upon the fact, that the anxiety that parties wishing and desiring to invest their capital in the manufacturing industries of this country and in the development of our industries, had, in consequence of the doctrines held previously by the Liberal party, disappeared on account of the action of the hon. gentlemen opposite. I congratulated the House, and I congratulated the country, upon the fact that the great leader of the party opposite—I refer to the Hon. Mr. Blake—who so long led with so much ability in this House the party opposed to the Government—I congratulated the House that in the most formal and authentic manner, that hon. gentleman, on a most important occasion, on the eve and in the very throes of a general election, had declared to the people of this country that the antagonism of the Liberal party to the policy of protecting Canadian industries had ceased, and the hon. gentleman not only spoke with the high authority which attached to his name, and which attached to his position, but feeling that it was desirable on an occasion of that kind that there should be no misunderstanding; that everybody in this country should understand that we were as one upon this great question which had been so long a subject of such fierce controversy; referred especially to the hon. member for South Oxford (Sir Richard Cartwright) and undertook to state to the country that he was expressing that hon. gentleman's views and expressing the views of the great party of which he was the leader when he made that important announcement. I do not hesitate to say that as a party man, as one who believes very sincerely that the best interest of Canada is intimately bound up with the success of the great Liberal Conservative party in this country, I read that announcement of Mr. Blake's with a good deal of dismay. Looking at it from a party standpoint I felt that he had made a great stride on the march to the Treasury

benches. I always felt certain that so long as that hon. gentleman kept his party in battle array against giving such fostering protection to the industries of Canada, as had been found necessary to vitalise them and bring them into existence, that we were safe. But I felt that, however much we were in danger by the fact that the hon. gentleman had stepped upon a higher plane and placed himself before the people of this country in a position that took away one of the strongest arguments we could present to the country to induce them to keep hon. gentlemen opposite discharging the important functions of a loyal and constitutional Opposition—I say, Sir, although I felt this, I felt also that the loss to my party was more than counterbalanced by the gain to the country, in the assurance given to the capitalists of the world: “You need not fear, you are no longer in danger, there is no party with free trade colors nailed to the mast, you need not fear that if we get into power we will destroy your investments.” It reassured not only the capitalists, Sir, but that body which is of greater importance than the capitalists, the laboring class of this country. He informs the laboring man who had been lifted by this policy of fostering our industries from the condition of helpless poverty into one of comfort, that he need no longer tremble at the thought of hon. gentlemen opposite obtaining a position on this side of the House, and discharging the administrative functions of the Government of the country, because there operatives were told that all these fears might be at once and for ever thrown aside, as the Opposition had shown that it was possible that they could learn something. They had shown that it was possible for them at last when face to face with the great throbbing pulse of the public sentiment of this country, to ascertain what the people of this country had deliberately resolved upon, a policy that the people had deliberately and again and again affirmed as the true policy to be pursued in this country. Still, Sir, I need not tell you with what regret I learned that all these congratulations that I had offered to hon. gentlemen opposite, all these congratulations I had offered to this House, all these congratulations I had offered to this country, had to be re-called. I need not tell you, Sir, the regret with which I learned this—not again as a party man, because, looking at it from a party standpoint, I felt that hon. gentlemen opposite could do us no greater service as a party than to fall back from the high position they had taken, and to take back this deliberate announcement made in the most formal way to the people of all Canada as to what the future trade policy of hon. gentlemen opposite would be. Well, Sir, what was proposed? Why, Sir, when that great and distinguished leader of the party was obliged, by causes which we all deplore, to deprive the Parliament of Canada of the great advantage of his presence, we know that very soon, notwithstanding the eloquence and amiable qualities of the gentleman who has so worthily succeeded him, notwithstanding that he is a gentleman whom we all respect, we found that the Liberal ship was drifting without a rudder. Instead of the firm hand of the captain on the tiller, we found a vacillating hand. The hon. gentleman with his conservative instincts—so conservative that I have always wondered, ever since I have had the honor of meeting him in this House, that he was not on our side instead of where he is

—I say the hon. gentleman, with his conservative instincts, when it was proposed to go back on the policy propounded by his leader and accepted by his party, and deliberately sanctioned by the people who sent them to this House—when it was proposed to the hon. gentleman to go back on all that, he hesitated long; and when it was propounded to him further that we should take so radical a step as to virtually change the constitution of our country, the hon. gentleman showed more than a disinclination to be led into that course. But, Sir, we found the Liberal ship, having lost its rudder, in the hands of the hon. gentleman opposite, drifting without apparently knowing in what direction to attempt to move. We found it drifting upon the rock of commercial union. Sir, I am glad to know that the hon. gentleman did not commit himself to that policy; I hope, for his own sake, and for the sake of the record that will remain of him as a public man after we all pass away, that he did not commit himself to that policy; but it cannot be forgotten, Sir, that hon. gentlemen holding high and commanding positions in the party were ready to adopt commercial union as the policy of the Liberal party. We know, Sir, that commercial union was propounded by Mr. Wiman, a gentleman of great ability, a gentleman of immense pecuniary resources, and I think I would not be doing him a particle of injustice if I were to add—for it is no disgrace to him—a gentleman of unbounded ambition, living in the city of New York and a resident of the United States for many years; and I congratulate him on his success most heartily. If we do lose a man, if a Canadian goes to the United States, I care not in what capacity, I want to see him occupy the highest and most important position he can occupy. But, Sir, what did we see? We found that gentleman prepared to place himself at the head of the great Liberal party of Canada. We found that gentleman, not only with the ambition, but the vanity, notwithstanding the great names and the great ability possessed by a large number of gentlemen in that party, to aspire to place himself at their head, and dictate to the Liberal party of Canada what should be their policy with respect to the most vital and important and momentous issues in this country. Well, Sir, it is a great advantage for a movement to have a man of unlimited pecuniary resources associated with it. Everybody knows that in these days it is no detriment to a cause to have men in it who have not only the will, but the means to put their hands in their pockets to advance its interest. Mr. Wiman had those advantages, and I do not hesitate to say he had the still greater advantage of being a man of marked ability. Well, Sir, what was the result? Why, Sir, he soon—whether by some human device or not, we are not able to fathom—secured the services of two leading journals of Canada, the *Globe* newspaper and the *Mail* newspaper, to advocate the cause of commercial union. But, Sir, we found not only these two leading journals committing themselves to the policy of commercial union, but we found one after another of the great lights of the Liberal party giving more than countenance to that policy. Where is it now, Sir? Why, Sir, a discovery was made, and I feel that a meed of praise is owing to the hon. member for West Ontario (Mr. Edgar) in this regard. I believe he is the man who held out the beacon light to keep the great party with which he is connected from drifting on the rock which he had

the sagacity to see, would have consigned it to political perdition. We not only found that hon. gentleman becoming awake to the dangerous direction in which his party was drifting, but we very soon found that he had influence enough to rescue the organ of the Liberal party from a policy that would have undoubtedly ended at an early day in the utter destruction of the party. And what is the result? The result is that Mr. Wiman, with all his money, with all his ability, with all his ambition, stands to-day alone on the policy of commercial union, without a follower, without a supporter, in the whole of Canada. That, Sir, is the position. He found himself face to face with the loyal British sentiment that is too deeply rooted in the hearts of Canadians to allow them for one moment to adopt a policy which every man with a particle of sagacity must see would result in Canada either occupying the most deplorable and contemptible position that any free country could ever occupy, that of having its tariff and taxes imposed by a legislation with which it had no connection, or taking the necessary and inevitable step, of becoming a part of that great country. Brought face to face with that loyal sentiment, which fills the breasts of Canadians to an extent as great as it does those of the people of any portion of Her Majesty's Empire, the ship was steered away, and, Sir, what for? Only to escape destruction on the rock of commercial union, to be stranded on the shoals of unrestricted reciprocity. There it lies to-day, Sir, a great party, a party possessing men of the highest order of talent, a party embracing a great body of the independent yeomanry of this country, who give it an enthusiastic support, a party possessing every quality necessary to lead it to power except fixed principles, in accord with the sentiments of the country.

Sir RICHARD CARTWRIGHT. Hear, hear.

Sir CHARLES TUPPER. I hope my hon. friend will allow me to take that back, if he supposes me to use the expression in the sense of unprincipled. Not at all. What I say is this, and I say it in no invidious sense—I say that the seeking of power, the desire to obtain power for the sole purpose of governing a country, is, in my judgment, the most unworthy one that could ever stimulate a party. I say that the object of obtaining office must be, if it is to be useful to the country, inspired by the conviction that the attainment of power will be the means of enabling the party to carry out such a policy and such principles as will promote the progress and prosperity of the country. When I speak of the want of principle, I speak of it in that sense; I speak of the want of any fixed principle that will commend itself to the judgment of the independent yeomanry of Canada and inspire confidence in the party which seeks their suffrages.

Mr. LANDERKIN. Something like the standing offer that you refer to.

Sir CHARLES TUPPER. I will not occupy the time of the House much longer, but I want to draw the attention of the House for a single moment to the supreme folly of any Canadian statesman talking about unrestricted reciprocity. I

put aside as a minor matter the question that in order to get unrestricted reciprocity you must bring the people face to face with enormous direct taxation. That I take to be admitted by the gentlemen opposite.

Some hon. MEMBERS. No.

Sir CHARLES TUPPER. If they do not, they ought to admit it, for it is plainly to be seen. No man has yet undertaken to give during the long debate, to which I was sorry not to have the pleasure of listening but which I read, while asking this country to commit itself to what I conceive to be the mad folly of unrestricted reciprocity, has ventured to put before this House or formulate any system by which it could be carried out if we got it to-morrow. If they say they are going to let the United States supply Canada with everything without a farthing of tariff being imposed on it, where is the revenue to come from? The United States are perfectly able to supply this country with everything we require, and I want to know in that case where is your revenue to come from? But, I am not going to waste the time of the House in discussing the wildest chimera that was ever put before a sensible people. I put aside the question of the enormous direct taxation that would crush the people of this country. I put aside the question of imperilling the industry, the capital, the labor of this country, as they would be imperilled. I put aside the fact which everybody knows, and which my hon. friend admitted, when he stood here battling with heavy deficits and struggling to make the revenue of this country meet the very moderate necessities of this country, the hon. gentleman then was impelled to pursue a very economical and moderate course in reference to public expenditure; I say, when he was face to face with deficits, when he, as Finance Minister of Canada, told the people of this country that he could not add a small percentage to the duties on imports, that he could not increase the revenue to even a small extent unless he did it by direct taxation —

Sir RICHARD CARTWRIGHT. I did not say that.

Sir CHARLES TUPPER. If my hon. friend says he did not say that, I will say that his memory and mine are not together on that question.

Sir RICHARD CARTWRIGHT. Quite so.

Sir CHARLES TUPPER. And he knows better perhaps than I do; but I understood the hon. gentleman to say, when he was admitting a serious and formidable deficit, that he would be glad to provide for it, but that he did not know of any means of further increasing the revenue except by direct taxation.

Sir RICHARD CARTWRIGHT. No, I did not say that.

Sir CHARLES TUPPER. The hon. gentleman says I misunderstood him.

Sir RICHARD CARTWRIGHT. Quite so.

Sir CHARLES TUPPER. And I suppose I have misunderstood him. But independently of that, what is the fact? Why, he knows that Canada was then the slaughter market of the United States.

Sir RICHARD CARTWRIGHT. No.

Sir CHARLES TUPPER. He knows that every interest in Canada was paralysed.

Sir RICHARD CARTWRIGHT. Not a bit of it.

Sir CHARLES TUPPER. The hon. gentleman knows that every interest in Canada—that is my opinion—

Sir RICHARD CARTWRIGHT. That is all right, but you said I knew.

Sir CHARLES TUPPER. That Canada was paralysed by being made a slaughter market for the United States. Does the hon. gentleman want to take Canada back to 1874, 1875, 1876, and 1877?

Sir RICHARD CARTWRIGHT. She was in a great deal better position then than she is in to-day.

Sir CHARLES TUPPER. Does he want to allow the enormous capital, the great skill, which has made the United States to-day one of the foremost manufacturing countries of the world, sweep our younger industries, with their smaller capital, out of existence, and compel the labor of this country, which, after all, it is our most vital and important consideration to keep in our midst, to go, as it had to go in those dark years of Canada, down to Boston and New York, to do in another country the work required to be done in Canada, and which a subsequent Canadian Government found that Canadians could do on Canadian soil? I have used a strong term; I have said this scheme of unrestricted reciprocity is a folly, a mad folly; and I say so for this reason: that if every man in this House was of opinion that Canada should commit suicide—as it would do by adopting unrestricted reciprocity—I say if that was the position of every man of both sides of the House, we would have no more chance of obtaining unrestricted reciprocity with the United States than we would have of dictating to the Imperial Parliament what Ministers should advise Her Majesty. I can scarcely find any simile or language that would show the utter futility of adopting such a policy. This subject has been discussed now for many months, it has been put forth in the most captivating form by the ablest men on the opposite side of the House, both in this House and abroad through the country, and they have found papers so wanting in information and so blindly subservient to party influences as to advocate their scheme—and what has been the result? Why, point me to a paper in the United States, republican or democratic—show me a single paper possessing the slightest influence in that country that would ever give support to a scheme which would take away the barriers between the trade of Canada and the trade of the United States, and leave Canada free to admit the products of England,—

Sir RICHARD CARTWRIGHT. Certainly not.

Sir CHARLES TUPPER—and the other parts of the world.

Sir RICHARD CARTWRIGHT. That is what you call unrestricted reciprocity.

Sir CHARLES TUPPER. I say you will search in vain.

Sir RICHARD CARTWRIGHT. I dare say.

Sir CHARLES TUPPER. You will find no man in Congress who will support such a scheme. Mr. Butterworth, in his Bill, provides that nothing shall be done until there is an arrangement by which all this is to be managed. In these vague terms, he seeks to get over the difficulty, but he knows that neither in the Senate, nor in the House of Representatives, nor in the press, nor among the public men or statesmen of that great country, could you find a man occupying influence or position who would dare to stand up in that country and propound the policy that Canada should have free trade with the United States, and make as low a tariff as she pleased at the same time with England.

Sir RICHARD CARTWRIGHT. I dare say not.

Sir CHARLES TUPPER. That is the reason why, in my judgment, I am not using too strong a term, when I say that a madder act of folly for a party to commit itself to could not be discovered, if they offered a premium to any person to discover it. Yesterday these hon. gentlemen stood face to face with the people of Canada with a policy that everybody understood. Yesterday they stood face to face with the people of Canada declaring that they had learnt something by their long term in Opposition, and were prepared, if entrusted with power, to protect the labor and the capital and the industry of the country. To-day they have escaped sudden destruction on the rock of commercial union only to be stranded on the shoals of unrestricted reciprocity.

Mr. PATERSON (Brant). You were very near there yourself.

Sir CHARLES TUPPER. The hon. gentleman says I was very near there myself. I am puzzled to know what sort of mental organisation a man must possess who cannot discover the distinction between an unrestricted offer and unrestricted reciprocity. When as a negotiator, when as one of Her Majesty's plenipotentiaries, it became my duty to ascertain whether the United States were prepared to meet us half way or to do anything to remove the obstructions to the freer commercial intercourse which we all desire, when I was in that position, I put an unrestricted offer before them certainly, but did I say anything about unrestricted reciprocity? What was that offer? Did it commit me to anything except that I was prepared to negotiate in regard to the question of freer commercial intercourse? The hon gentleman said, you made an unrestricted offer. I said I did, and I did so deliberately, because if the statesmen of the United States were prepared to offer us unrestricted reciprocity, I wanted to know it, but I was not committed to it. I said that I was prepared to

negotiate the settlement of the fisheries difficulty on the basis of freer commercial intercourse, but I ask any hon. gentleman on the other side if I would not have had a perfect answer to any proposition, either that the proposal did not go far enough or that it went too far.

Mr. MACKENZIE. You made an offer, but you did not mean it.

Sir CHARLES TUPPER. The hon. gentleman says that I made an offer which I did not mean. That would be a very mean thing to do. I think my hon. friend cannot mean that. I made an offer in a broad and comprehensive form, meaning exactly what I said, that I was prepared or that the British plenipotentiaries, who authorised me to make the offer, were prepared to negotiate the settlement of the fisheries question upon the basis of greater freedom of intercourse between the United States and Canada; but did that commit me to unrestricted reciprocity? I was asking for what every public man in this country, every man on both sides of this House, has endeavored to obtain and has asked for over and over again.

Mr. MACKENZIE. If they accepted your offer, would not that have committed you?

Sir CHARLES TUPPER. No, it would not have committed me to unrestricted reciprocity. I tell my hon. friend, as I have already explained, that, if they had accepted the offer and had said: Yes, we will settle this question on terms of greater freedom of commercial intercourse, and had then said: We are prepared to negotiate in regard to those terms, and had asked: What greater freedom do you wish? I would have formulated the greater freedom which we desire and would have put a distinct statement before them. Then I would have been bound to formulate my policy and to say how far I was prepared to go or how far I required them to go in order to settle the question on that basis. If I had to take up more time to teach hon. gentlemen the difference between an unrestricted offer and unrestricted reciprocity, I should despair, and I will save my breath for something more important. When we took up this question of fostering our native industries, many parties in England attacked me in reference to it, and asked: What do you mean by turning your back upon the English free trade policy and taking up the United States protective policy? I said: If you were placed in our position, with a population of five millions alongside of a country with sixty millions of people, and with only an invisible line dividing the two countries, you would understand what we mean. I said to them, as I have stated in this House, that no Canadian statesmen can formulate a fiscal policy for this country without having regard to the policy of the great nation to the south of us; and I said further that it was of the greatest interest to Canada to have the freest intercourse possible with them, consistent with safe-guarding the best and highest interests and institutions of the people of Canada. Now, what do you find? You find the republican party of the United States standing firm by a protective policy, you find them standing by a policy of high protection for American industries. That is their policy. Do you find any free trade party in that country? If you think there is any such party, read Mr. Mills' Bill, and that is the exposition

of the views of the administration of the United States and of the great democratic party. Do you find any free trade in that Bill? I have shown that he proposes the enormous reduction on all the iron industries of the United States from 43½ per cent. to 41 per cent. That is the free trade proposed under Mr. Mills' Bill. He proposes, it is true, what is also our policy, to make raw materials and natural products free, but that is also a protective policy. Everything that makes the living of the artisan cheaper and furnishes the raw material to the manufacturer cheaper, enables you to raise the same revenue and at the same time to protect the article with a lower tariff. There you have the great statesmen of that country, who have been able to excite the admiration of the civilised world by the high condition of prosperity and progress into which they have brought their country; you have republican and democrat united in demanding and maintaining a system of protection for the capital, for the industries, and for the labor of the people of the United States. This is their position, and it is ours. I do not intend to weary the House with any further remarks, except to say that, although I have had the unpleasant duty to perform—and I hope my hon. friend from South Oxford (Sir Richard Cartwright) will not press me too hard on that ground—of showing that we have had a little check in our onward progress, he must not forget that the policy which was adopted of fostering the industries of this country so strengthened the hands of the Government and of Parliament, so filled the treasury of the country, as to enable us to construct public works of the most gigantic extent, and of the most undoubted importance to every section of this country; he must not forget that Canada has built these great public works—and not only one side but both sides of the House have been concerned in that, because hon. gentlemen opposite completed the Intercolonial Railway, as far as it can be said, I suppose, ever to be completed—from the Atlantic to the Pacific, and the people of Canada have found the means to construct one of the most gigantic works that any five millions of people in any part of the world have ever been able to construct, and yet our credit stands to-day at the highest point ever reached, as will be shown by the following statement:

LOANS OF CANADA.

Loan of	Amount.	Nature.	Ave. Rate Interest.	Average rate at which taken.
	£			£ s. d.
1869	2,000,000*	{ ½ Guaranteed.....	4 p. c. }	Premium 5 12 11
		{ ½ Unguaranteed.....	5 p. c. }	" 4 7 8
1873	1,800,000*	{ ½ Guaranteed.....	4 per cent.	Discount 9 19 3
1874	4,000,000*	{ ½ Unguaranteed.....	4 per cent.	" 18 4
1875	2,500,000*	{ ½ Guaranteed.....	4 p. c.	" 9 0 0
1878	3,500,000*	{ ½ Unguaranteed.....	4 per cent.	" 3 8 3
1879	3,000,000†	{ ½ Guaranteed.....	4 p. c.	" 4 18 1½
1881	5,000,000†	{ ½ Unguaranteed.....	4 per cent.	" 9 0 0
1886	4,000,000†	{ ½ Unguaranteed.....	4 "	Premium 1 1 8½

* Sinking fund of 1 per cent.

† " " " " for unguaranteed.

‡ No sinking fund.

Total debt payable in London, July 1st, 1887:—

Rate of interest.	Amount.
3½ per cent	\$ 24,333,333
4 "	140,856,599
5 "	2,433,333
6 "	4,052,473
Total	\$171,675,738
Interest paid	\$6,850,715

Average rate of interest:—1867, 5.55 per cent.; 1873, 5.35; 1877, 4.74; 1882, 4.39; 1887, 3.99.

Prices of Canadian Securities in London, in month of March:—

5 per cents.:—1868, 86½; 1872, par; 1873, 108; 1874, 108; 1875, 108½; 1876, 107; 1877, 106; 1878, 108; 1879, 109; 1880, 112; 1881, 114; 1882, 114; 1883, 114½; 1885, 113; 1886, 116; 1887, 114; 1888, 118.

4 per cents.:—1875, 92; 1876, 92; 1877, 94½; 1878, 94½; 1879, 95; 1880, 97; 1881, 104; 1882, 106; 1883, 105; 1884, 106; 1885, 108; 1887, 106½; 1888, 115½.

3 per cents.:—1885, 92; 1886, 97; 1887, 100; 1888, 109

We have found means to stimulate the various interests of the country, we have found means to promote every industry except lumber, which, I hope, in a very short time is going to have its innings, under the Bill which I am at present laying on the Table. We have a country vast in extent, illimitable in resources, whether by sea or land; we have inexhaustible riches in the seas which surround us, and they are in our own hands to develop them. We have a mercantile marine which would be the pride and admiration of any country, and which is only surpassed by that of four nations in the world. Sir, I remember the hon. gentleman opposite, on one or two occasions, endeavoring to cover me with ridicule because I made a calculation of how much wheat could be grown in the North-West by 100,000 farmers, cultivating 320 acres of land each, with a yield of 20 bushels to the acre. What does he say now? Will he repeat that to-day when we have the facts before us, that 16,000 farmers in Manitoba and the North-West of this country, have produced from 13,000,000 to 16,000,000 bushels during the past year? Sir, the abnormal difficulties that were experienced there, the inexperience of the country by the new men who went into it, and a variety of other difficulties have disappeared, and so far as the development of that country is concerned, we are now entering upon a career of rapid advancement that I believe will, at an early day, give us much greater surprises than that which is at this moment occupying the attention of thoughtful agriculturists over the civilised world, that is, a country producing 50 and even 60 bushels to the acre, upon the average, over large farms. I do not mean to say that is the average in the country, but I mean to say that, on a number of large agricultural holdings in the North-West, when the grain was threshed out, it measured from 50 to 60 bushels per acre, covering the whole crop on the farm. Hon. gentlemen opposite will be as glad as I will be if that statement turns out to be true. I say, under the circumstances, what has Canada to be afraid of, if we have accom-

plished all this, if we have brought our country to the position which she occupies to-day? There is no member of this House who does not know that both in England and the United States Canada is beginning to attract an amount of attention that a few years ago the most of us would have believed it impossible to attain. I say, Sir, what have we to be afraid of, with a hardy, enterprising and intelligent population, with men who, man for man, are ready, in a fair field, to enter into competition with the men of any other country in the world—with a fair field, not handicapped mind you, but with a fair field—I say, what have we to be afraid of? Sir, we have the most abundant evidence that it is only necessary for us to have confidence in ourselves, and to devote our selves unsparingly in the future to the great task of developing the inexhaustible resources of this country. Then, with a great population, whenever the time comes that, as hon. gentlemen opposite seem to think, we ought to have the management of these matters entirely in our own hands, we shall be able to enter, upon even terms, into negotiations with other countries for the extension of our commercial relations. I say, Sir, that we not only have the advantage of this great domain, with its inexhaustible resources, but we have over us the flag of the mightiest empire in the world, and under itsegis we can go forth with greater confidence than any man can possess, representing a community of only five millions of people, we can go forth knowing that in the remotest section of the world that flag is waving over our heads, that there are behind us an army, a navy, and a moral force of a great empire that will give Canada all the protection that she can desire. Sir, under these circumstances, to throw away our birthright for a mess of pottage, to go looking for unrestricted reciprocity with a foreign country—even if we could obtain it, I say a policy of that kind would be, in my opinion, to make us forget what Canadians never will forget, the gratitude they owe to the great empire of which we form a part, and the duty of building up on this northern portion of the continent of America, a country to which every Canadian will feel proud to belong.

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INDEX.

Canadian Loans.....	7, 35
Credit of the Dominion	35
Customs Tariff—No alterations in.....	22
Customs Revenue.....	1-2
Debt—payable in London.....	36
<i>Financial Statement</i>	3-7
Result of the year 1886-87.....	3-4
Probable result of year 1887-88.....	5
Estimated result of year 1888-89.....	6
Government Savings Banks.....	8
Iron Industry	9-15, 23
Interest—rate on debt payable in London.....	36
Inter-provincial Trade.....	16
Liabilities.....	7
Loans.....	7, 35
Post Office Savings Banks.....	8
Steel Rails, and manufacture of.....	23
Statutory offer of Reciprocity with the United States.....	24
Shipping	19
<i>Trade</i>	15-21
With the West Indies	15
Inter-provincial.....	16-20
Of the Dominion, 1886-87.....	20
With the United States.....	21, 24, 35
Unrestricted Reciprocity with the United States.....	27-33

For Graphic Statistics See Appendix.

Each square represents 20 million dollars.

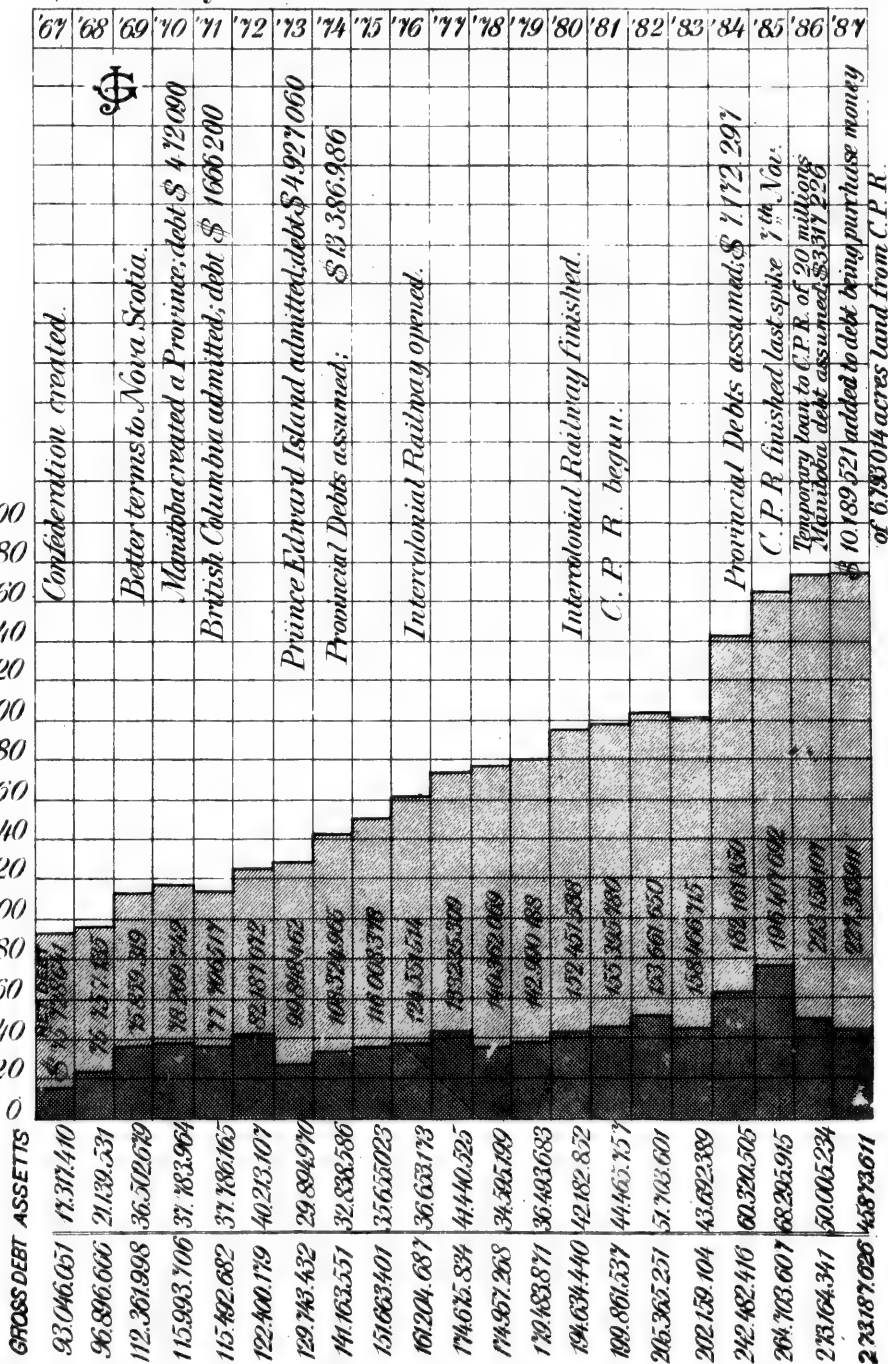
30
28
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CANADA

FEDERAL GROSS DEBT WITH ASSETS

for years ended June 30th 18—

Each square represents 20 million dollars.



Each square represents one million dollars

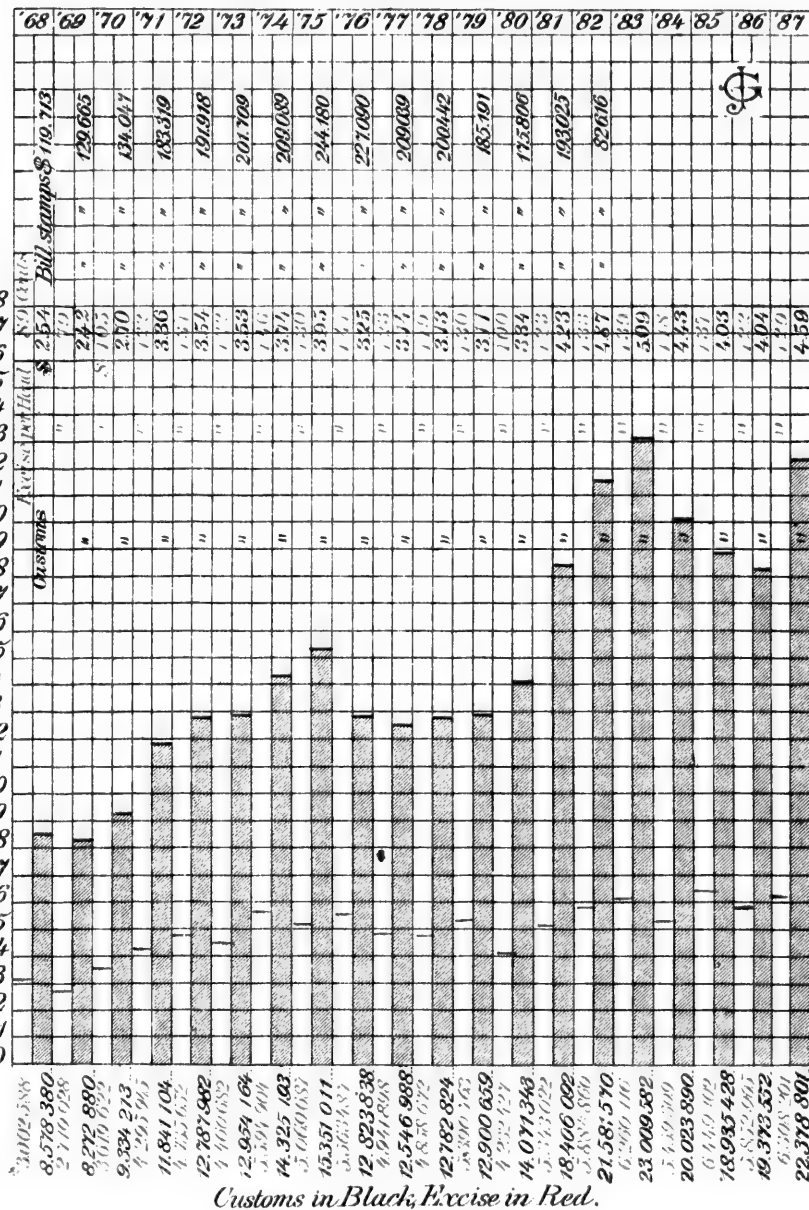
CANADA

TAXATION BEING CUSTOM & EXCISE

DUTIES COLLECTED

During years ended June 30th 18 —

Each square represents one million dollars

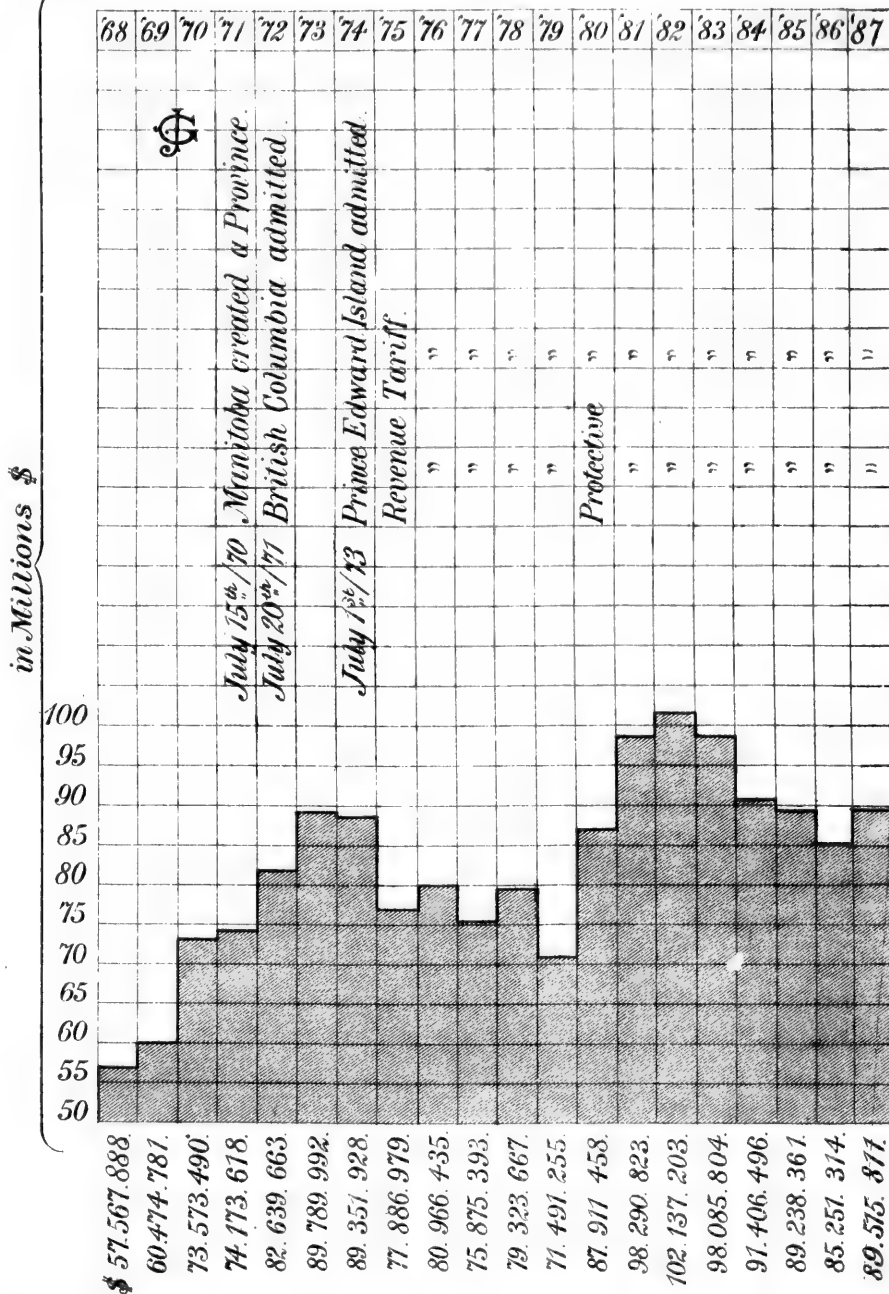


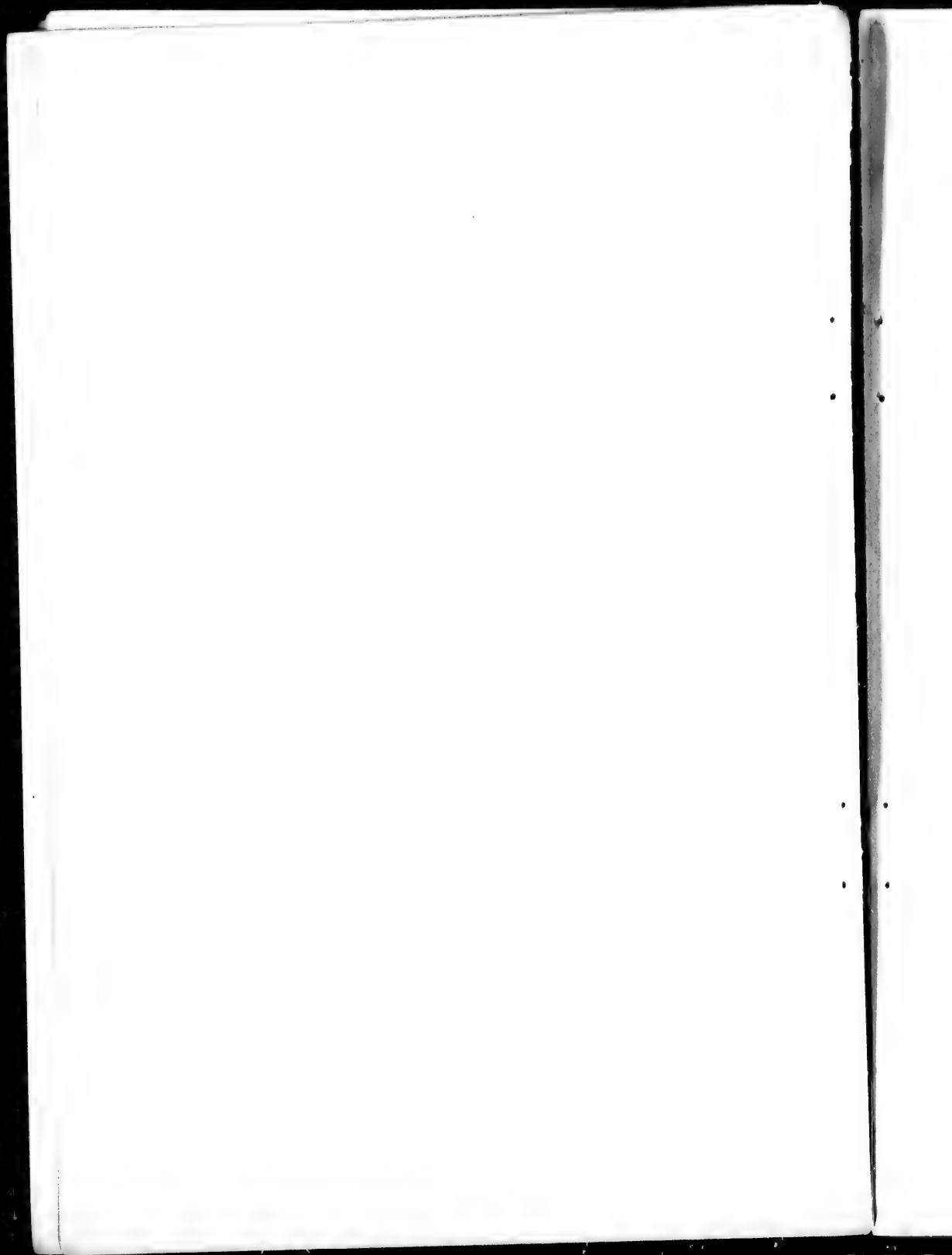
in Millions \$

TOTAL EXPORTS OF CANADA.

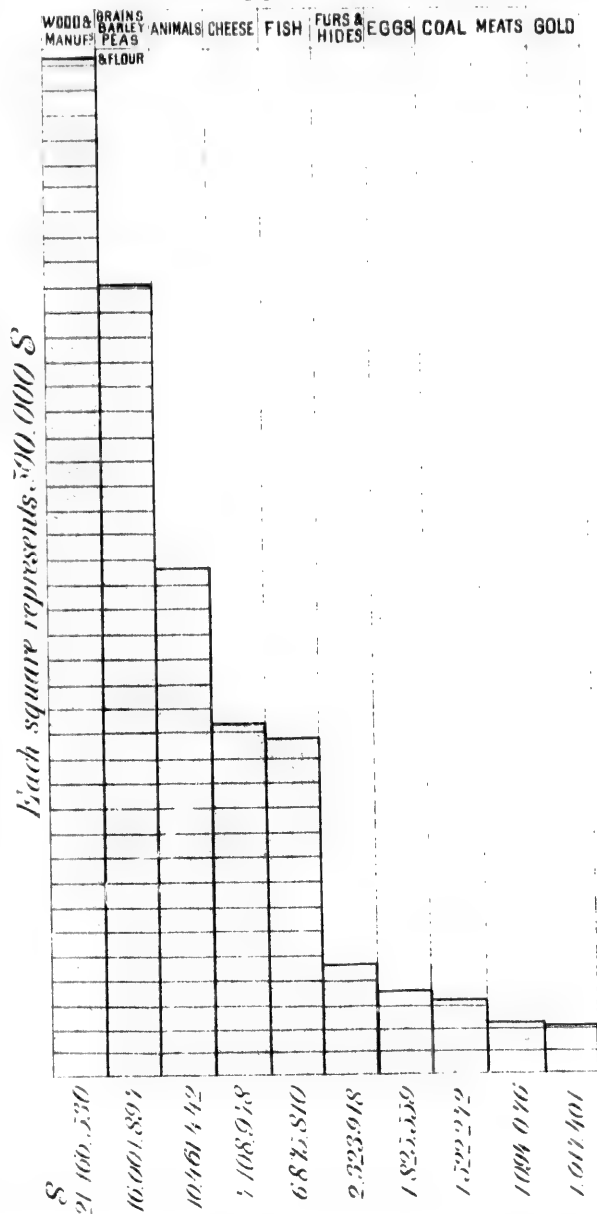
for years ended June 30th

18—





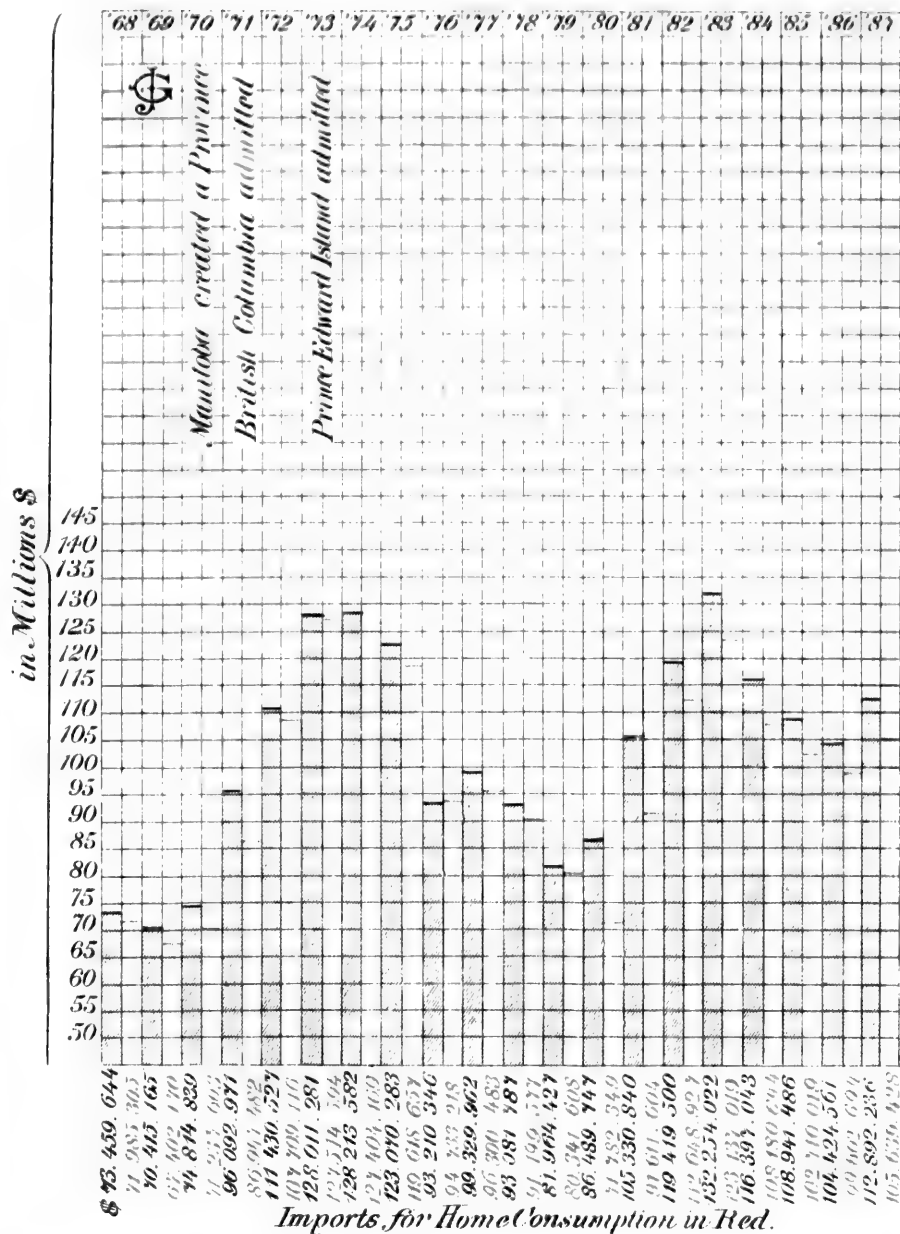
RELATIVE VALUE OF 10 PRINCIPAL EXPORTS (HOME PRODUCTION) FROM DOMINION OF CANADA FISCAL YEAR 1887.



in Millions of

TOTAL IMPORTS into CANADA. for year ended June 30th

18

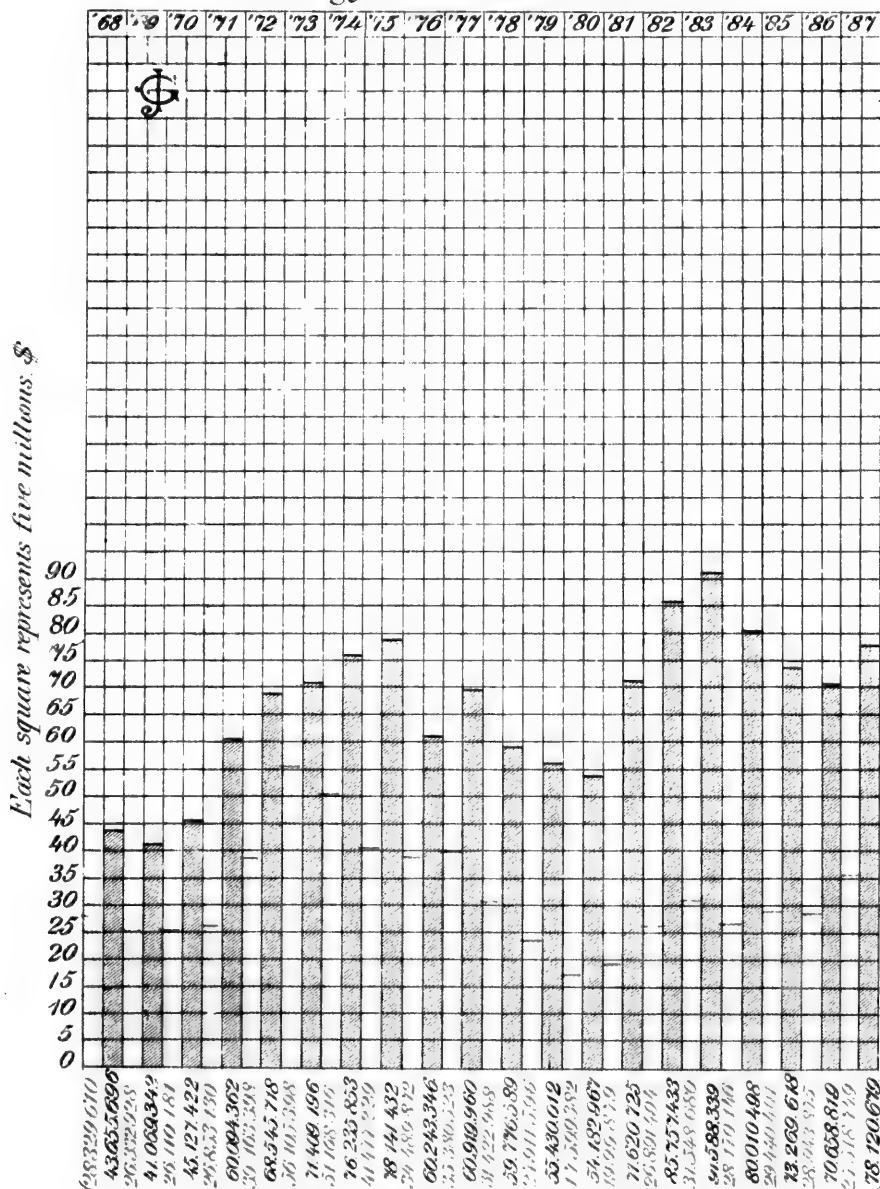


Each square represents five millions.

CANADA

IMPORTS FOR HOME CONSUMPTION DIVIDED INTO FREE & DUTIABLE

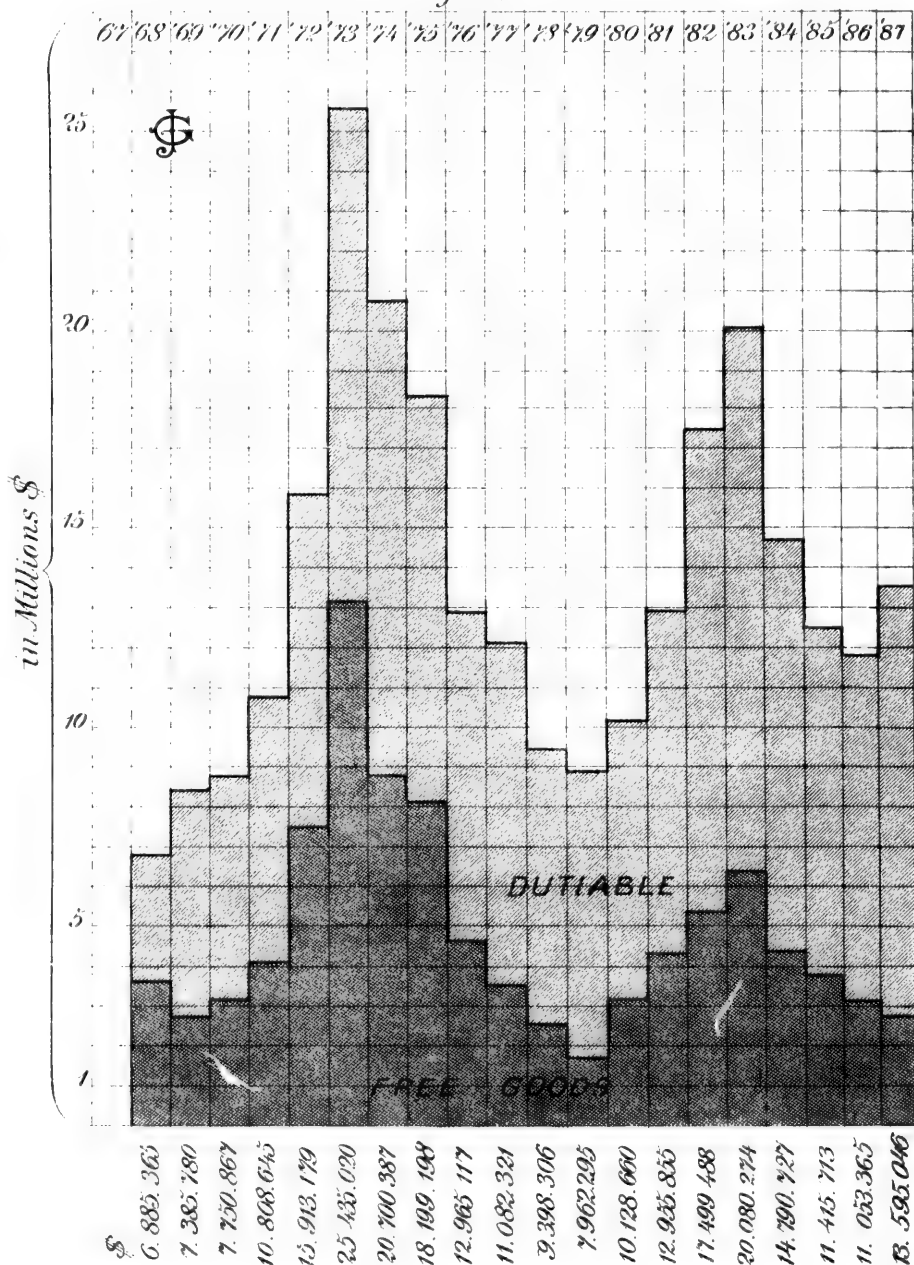
During years ended June 30th 18—

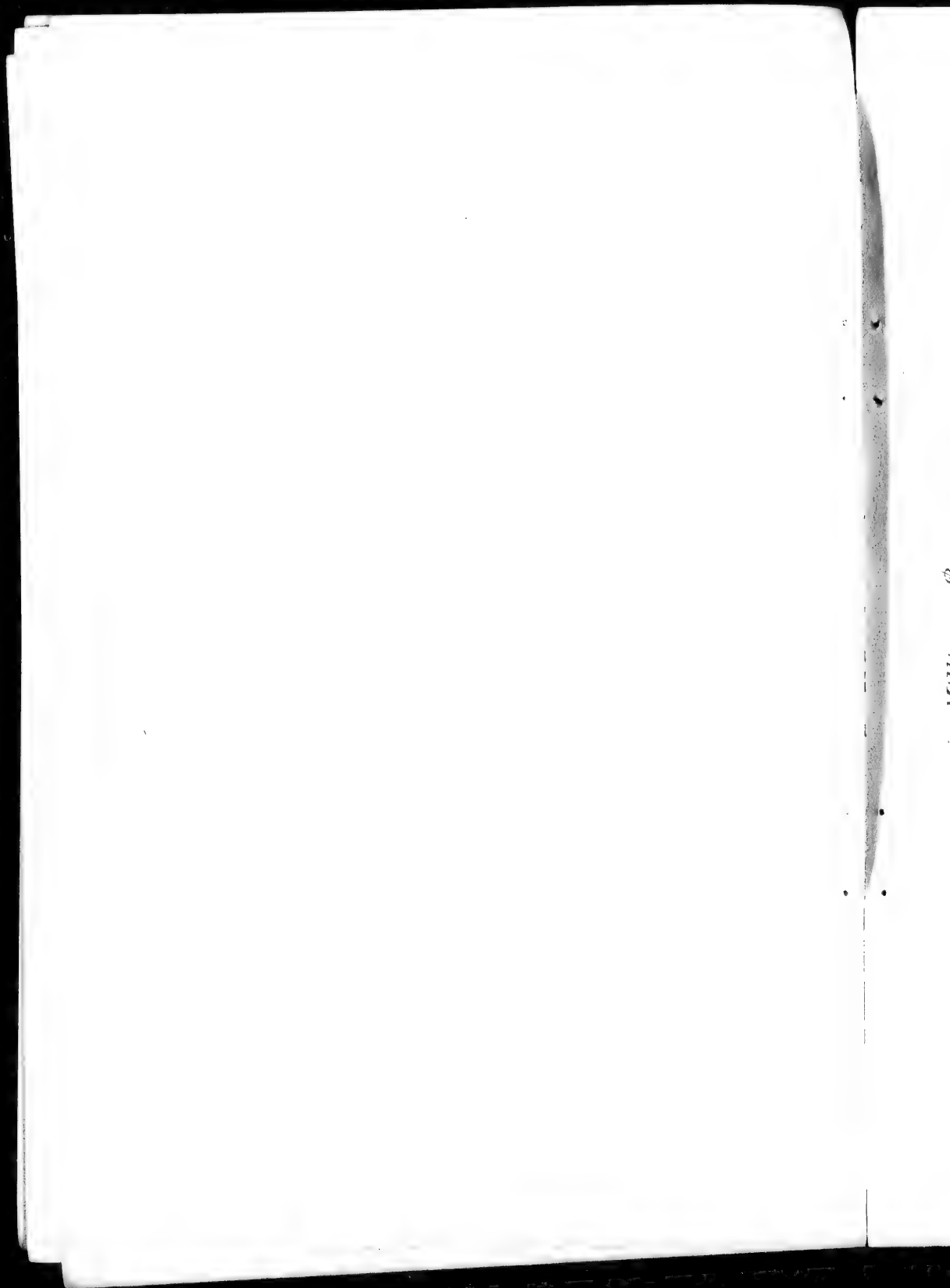


Dutiable in Black. Free in Red.

in Millions \$

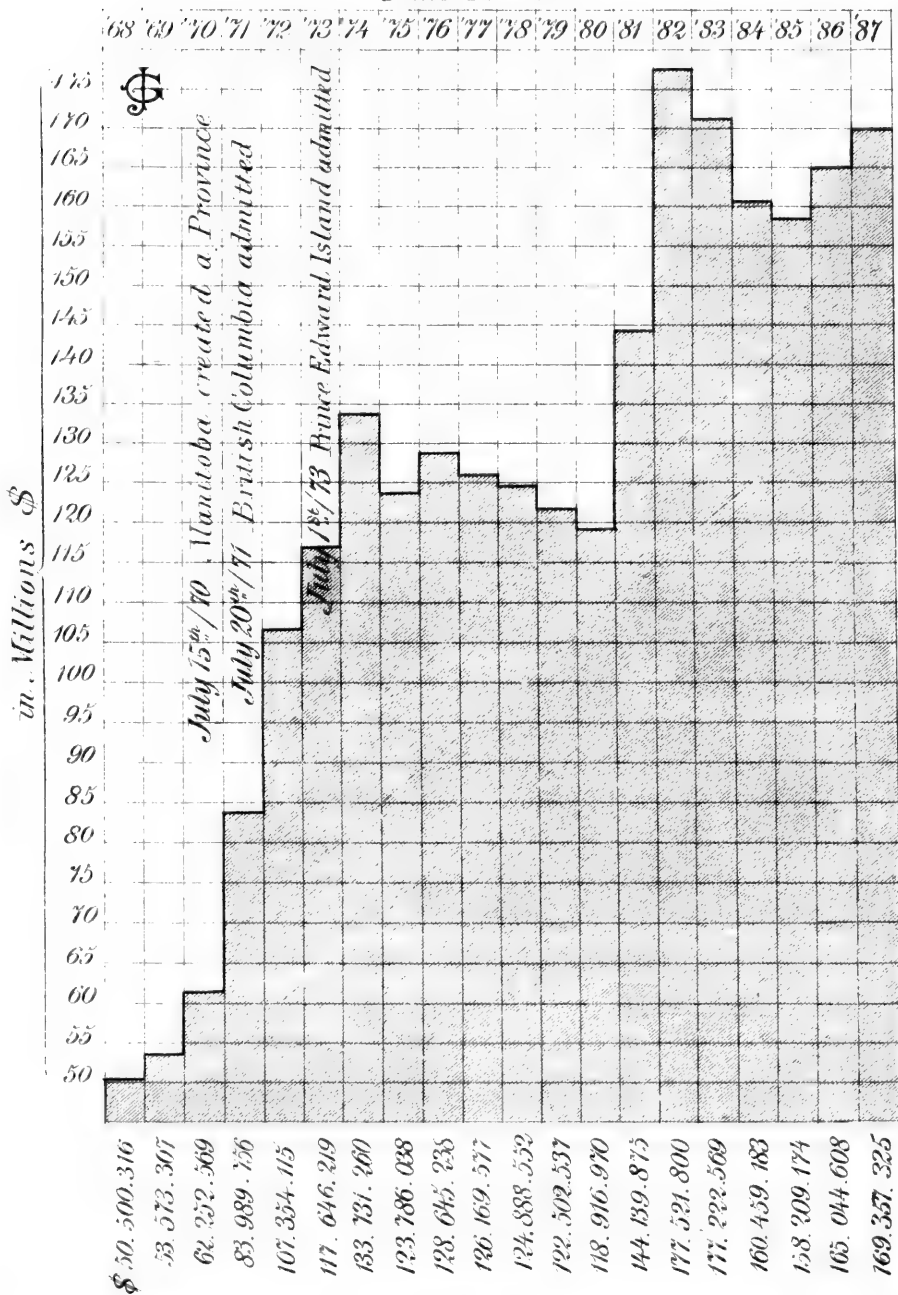
IMPORTS OF IRON & STEEL & MANUFACTURES THEREOF 22½
into the Dominion for Home Consumption
for years 18-





DISCOUNTS

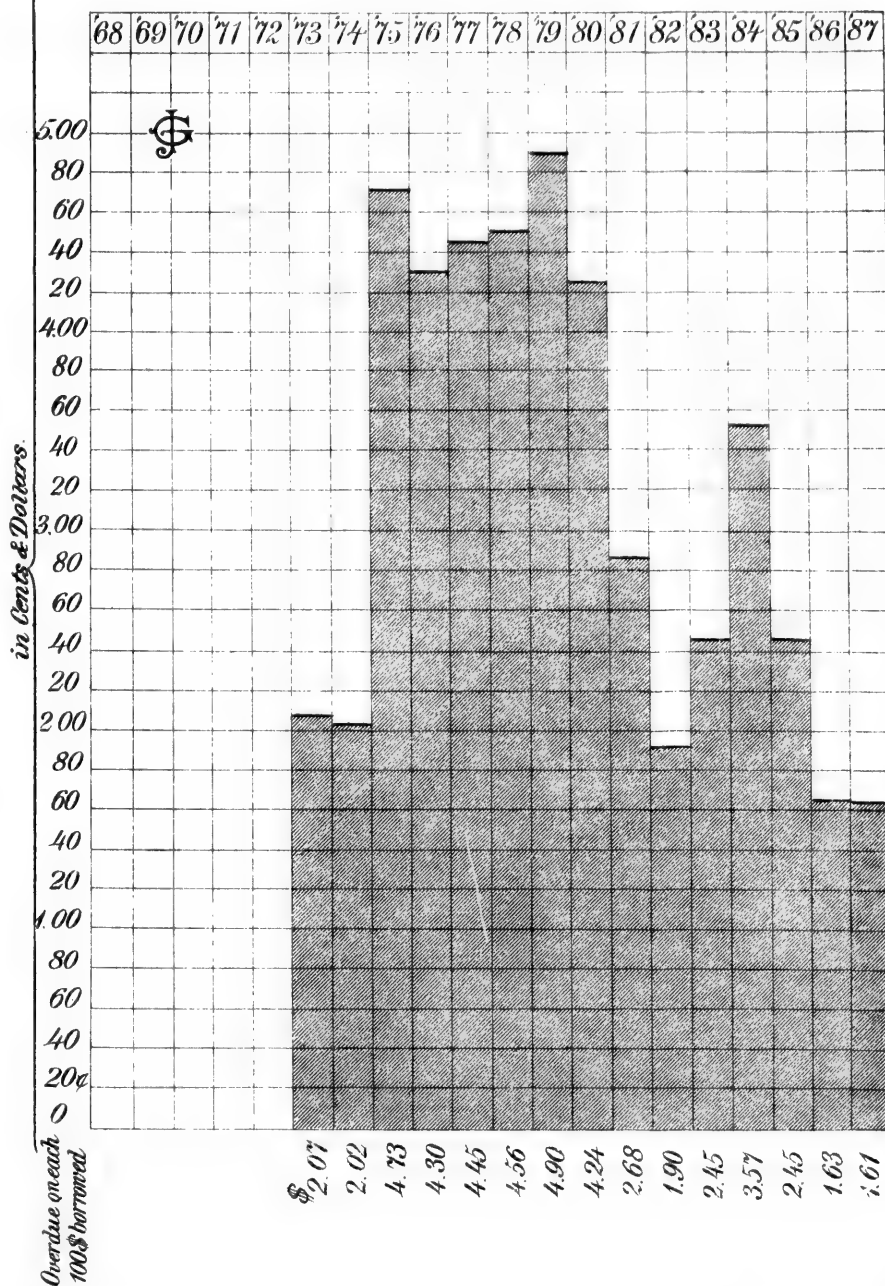
given by the chartered Banks of Canada
June 30th 18-



CANADA

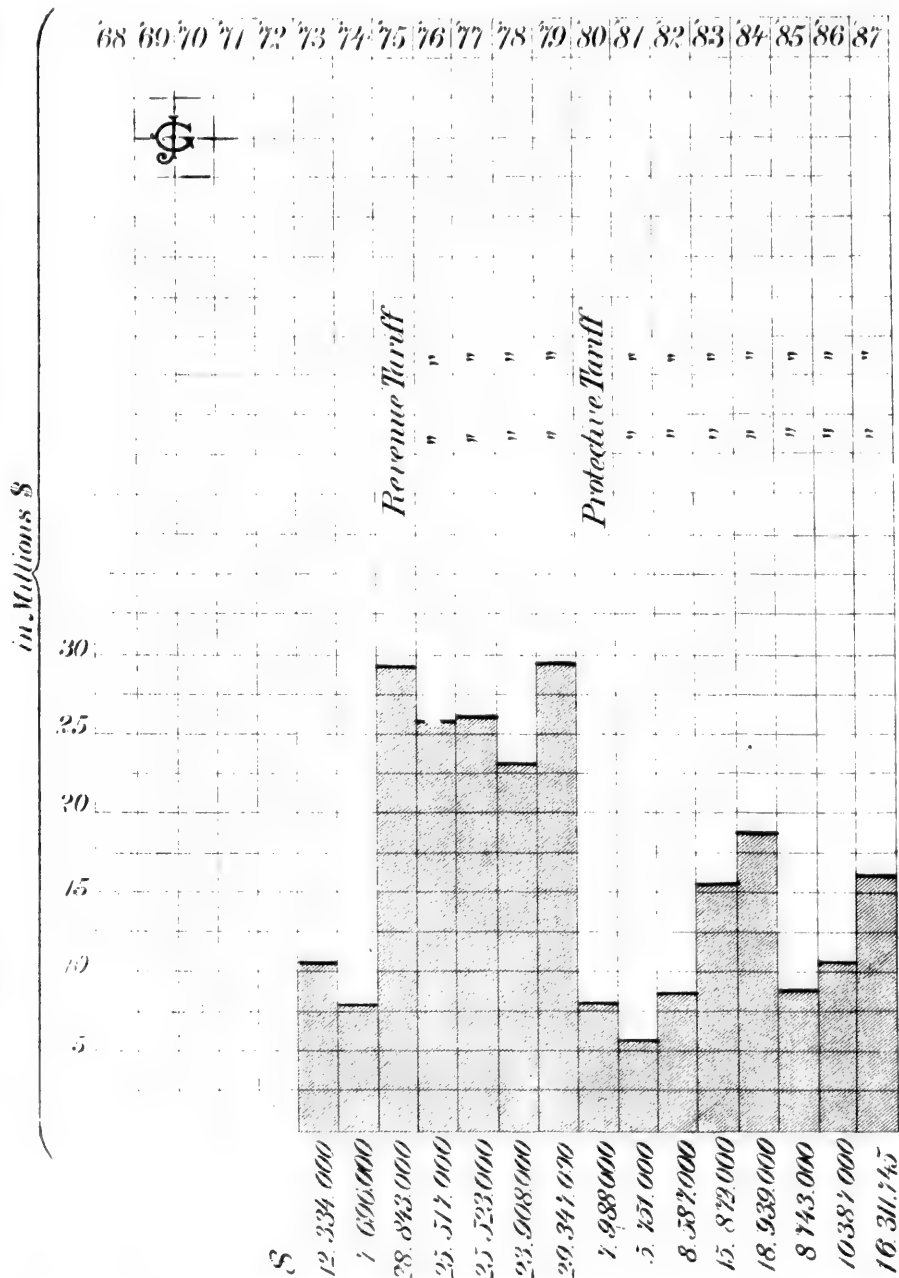
27

Overdue Notes & Debts in Chartered Banks proportion being to total Am^t borrowed from Bks^s for years ended Oct 31st 18-



in Millions \$

BUSINESS FAILURES IN CANADA. Year 18-



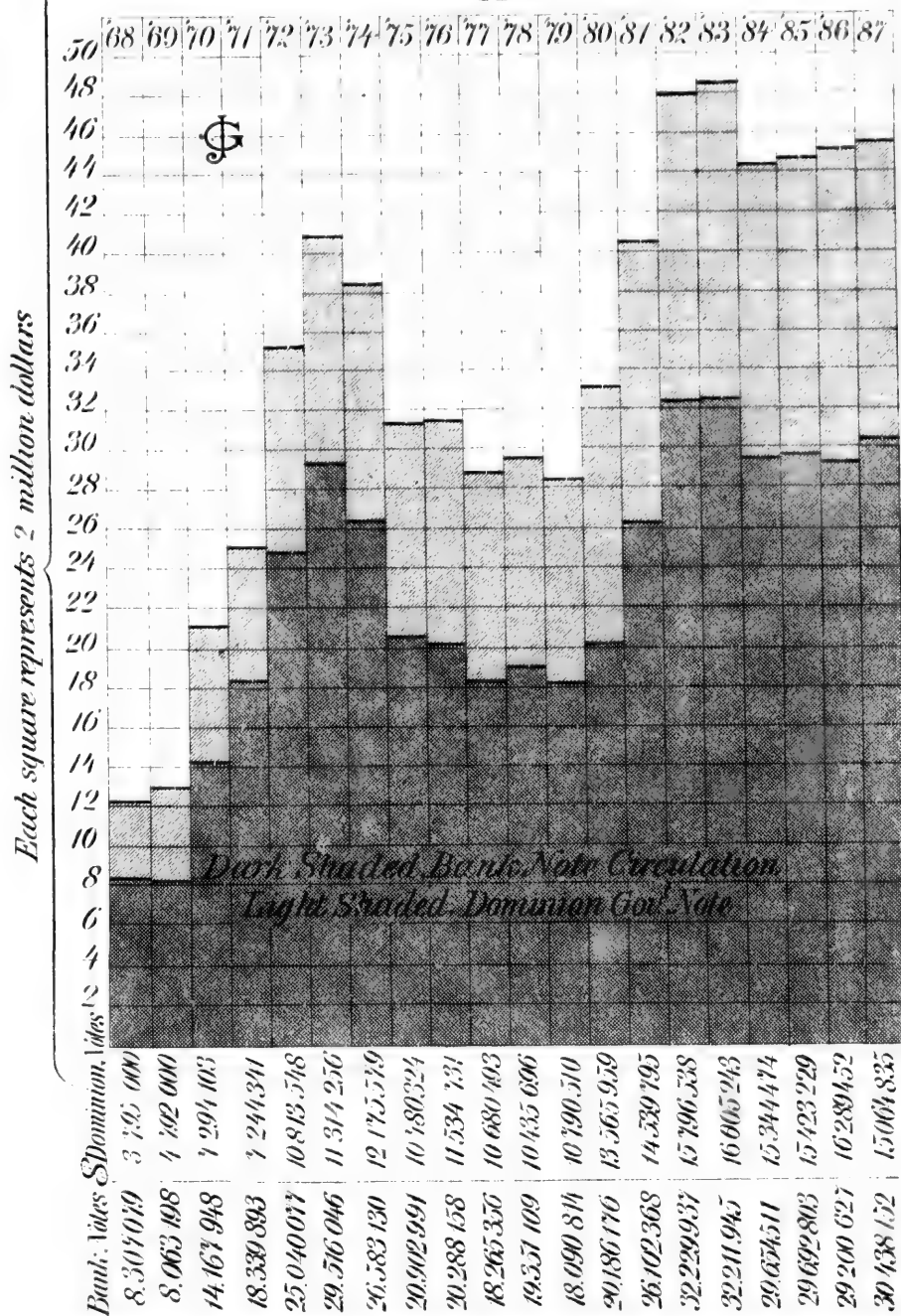
Each square represents 2 million dollars

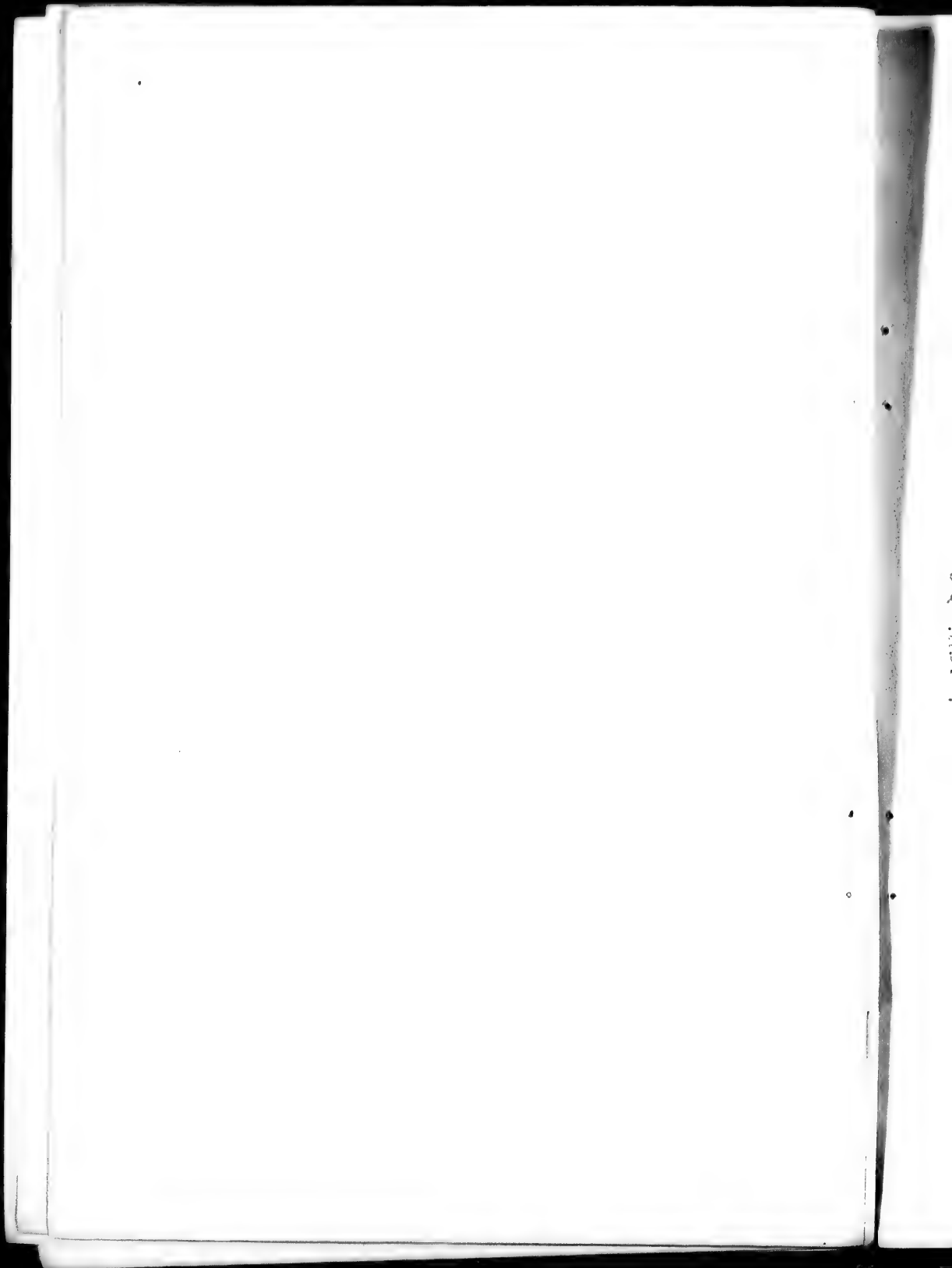
CANADA

BANK NOTES in CIRCULATION

during years ended June 30th

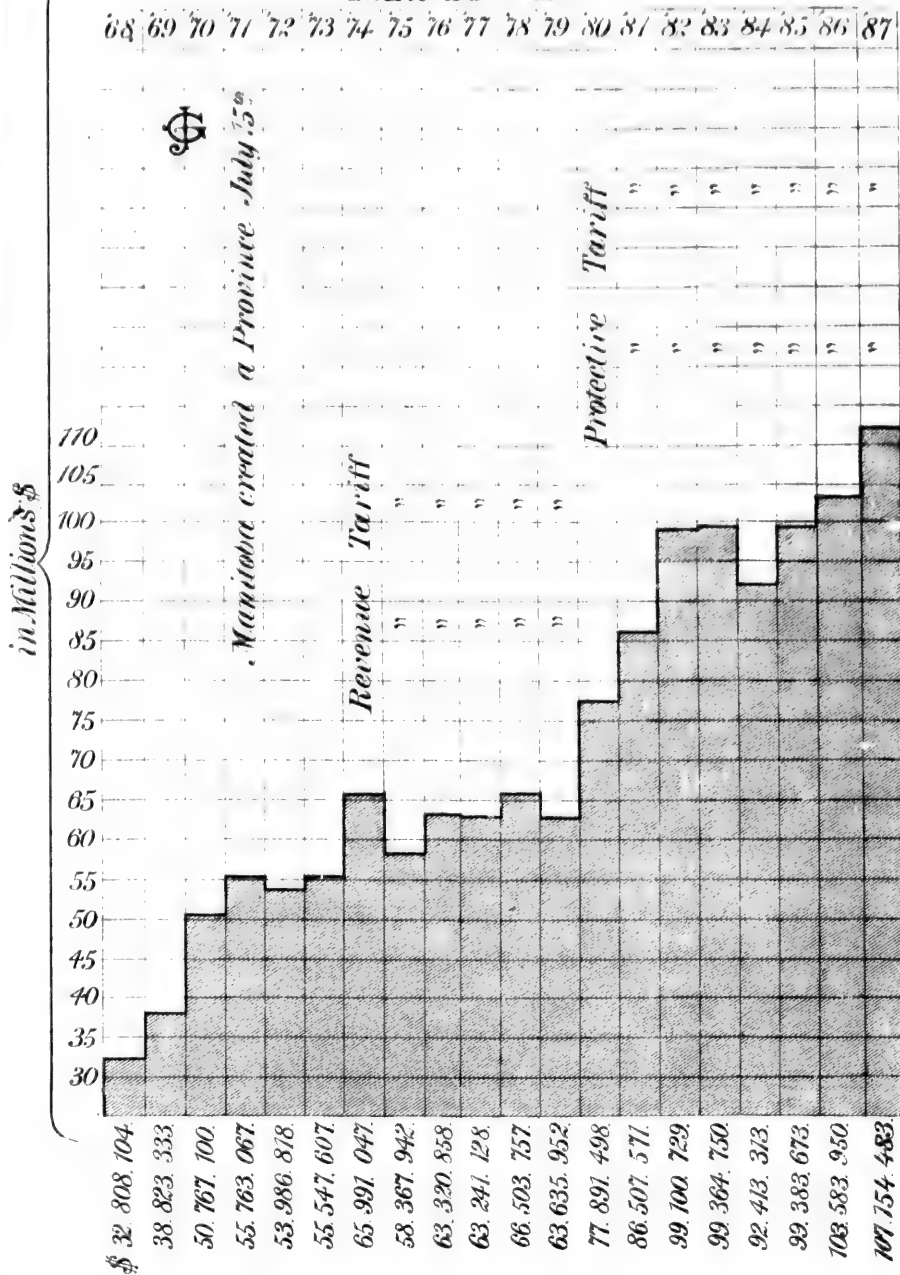
18-





DEPOSITS by the PEOPLE in the CHARTERED BANKS of CANADA.

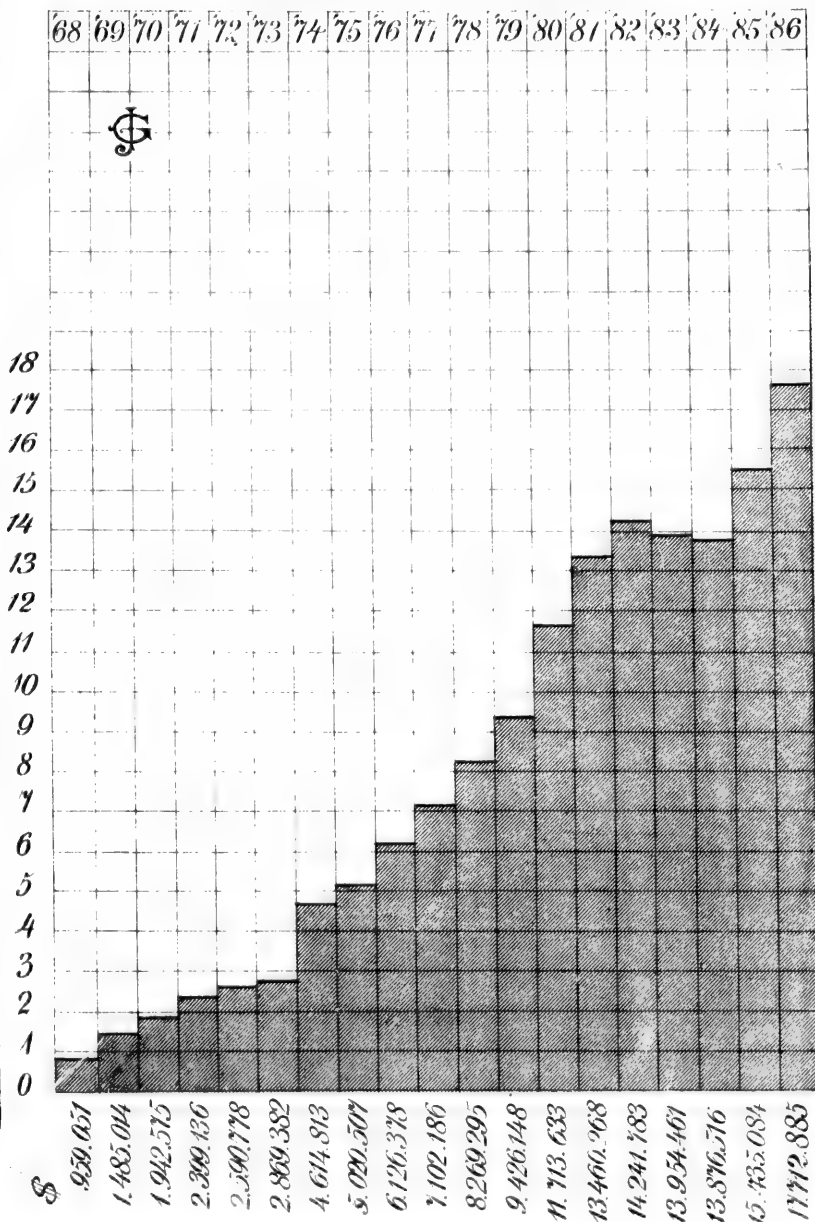
June 30th 18 —



CANADA DEPOSITS
by the People in Savings Branches Building
Societies & Loan Companies
for years ended Dec^r 30th 18-

30

Each square represents one million dollars

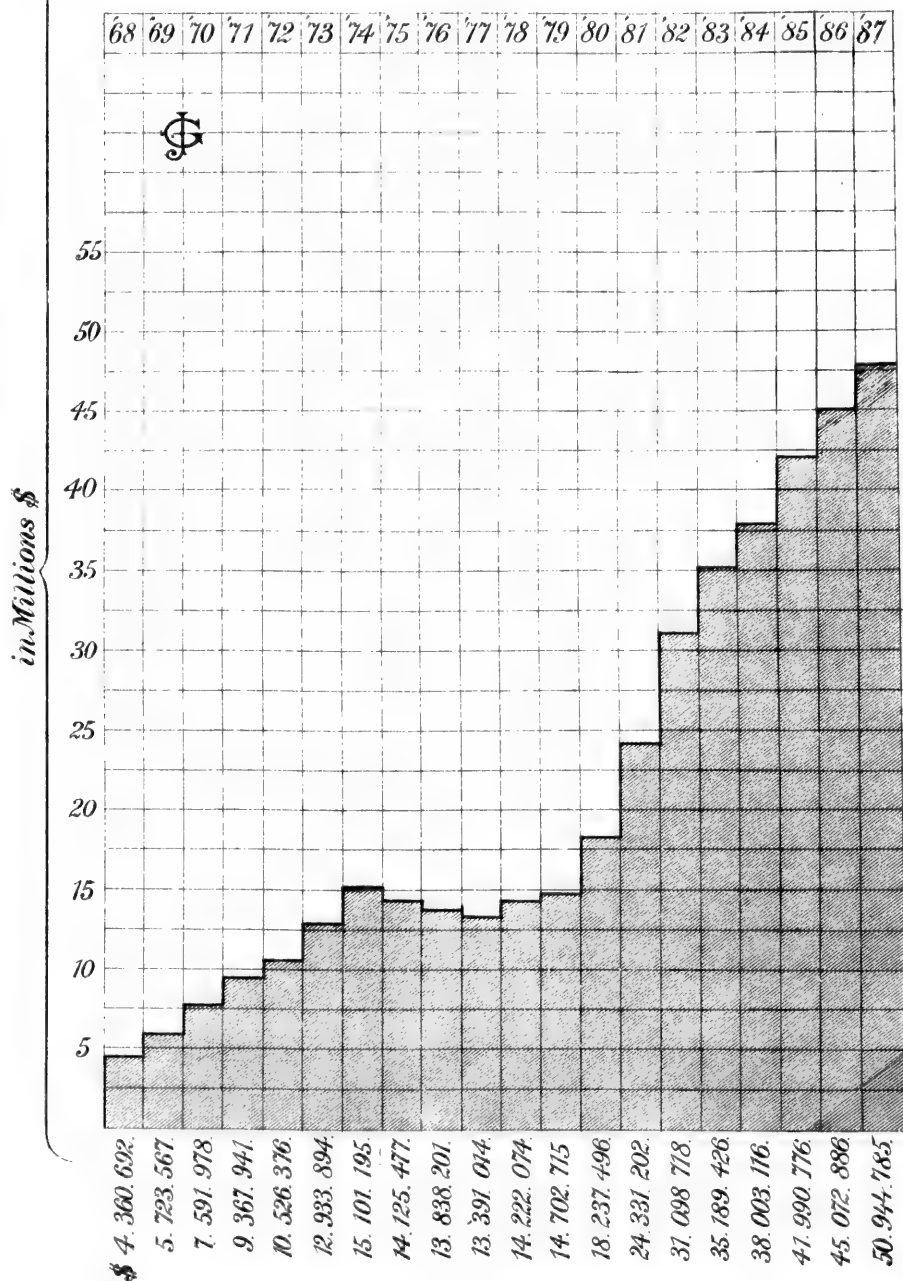


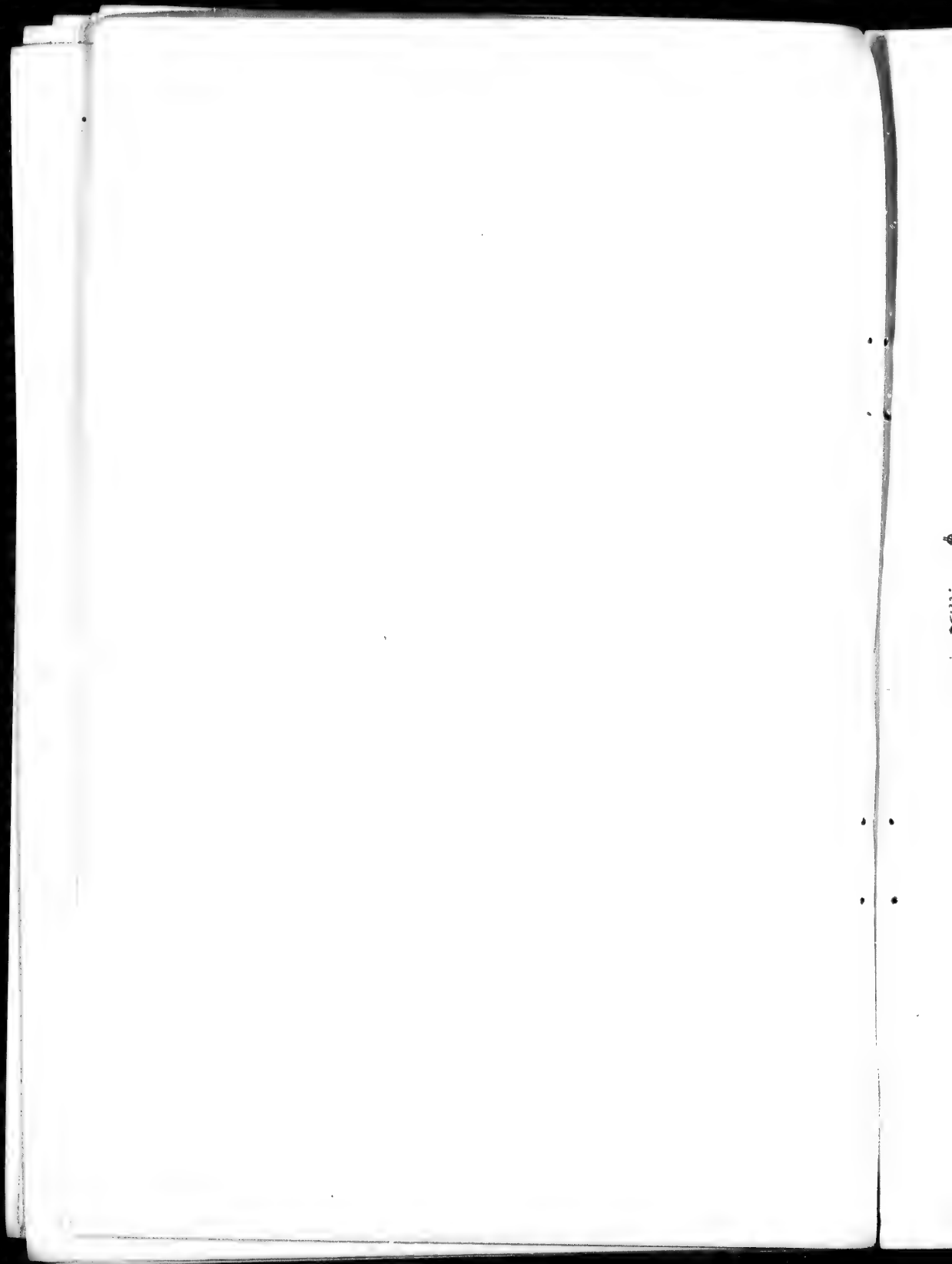
in Millions \$

DEPOSITS in SAVINGS BANKS OF CANADA.

June 30th

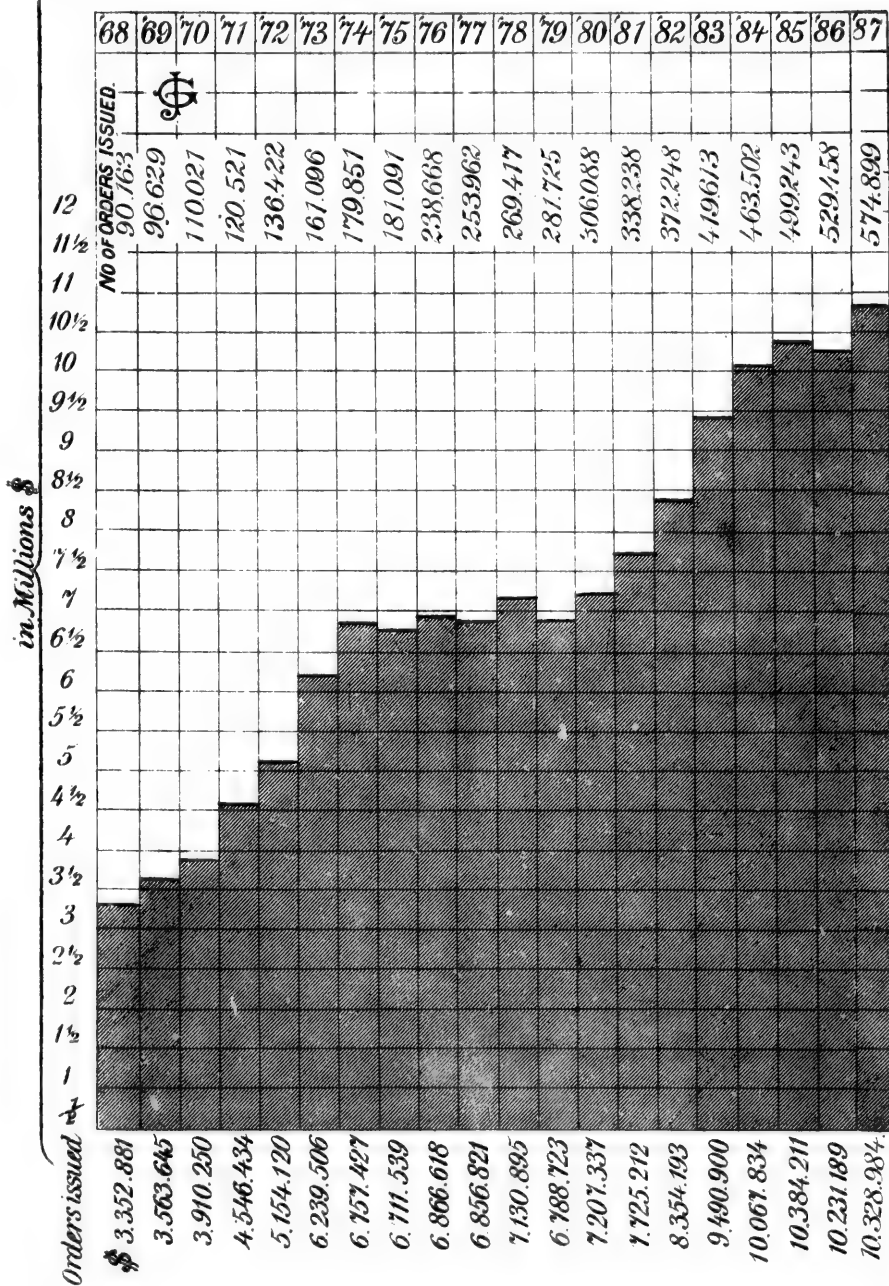
18-

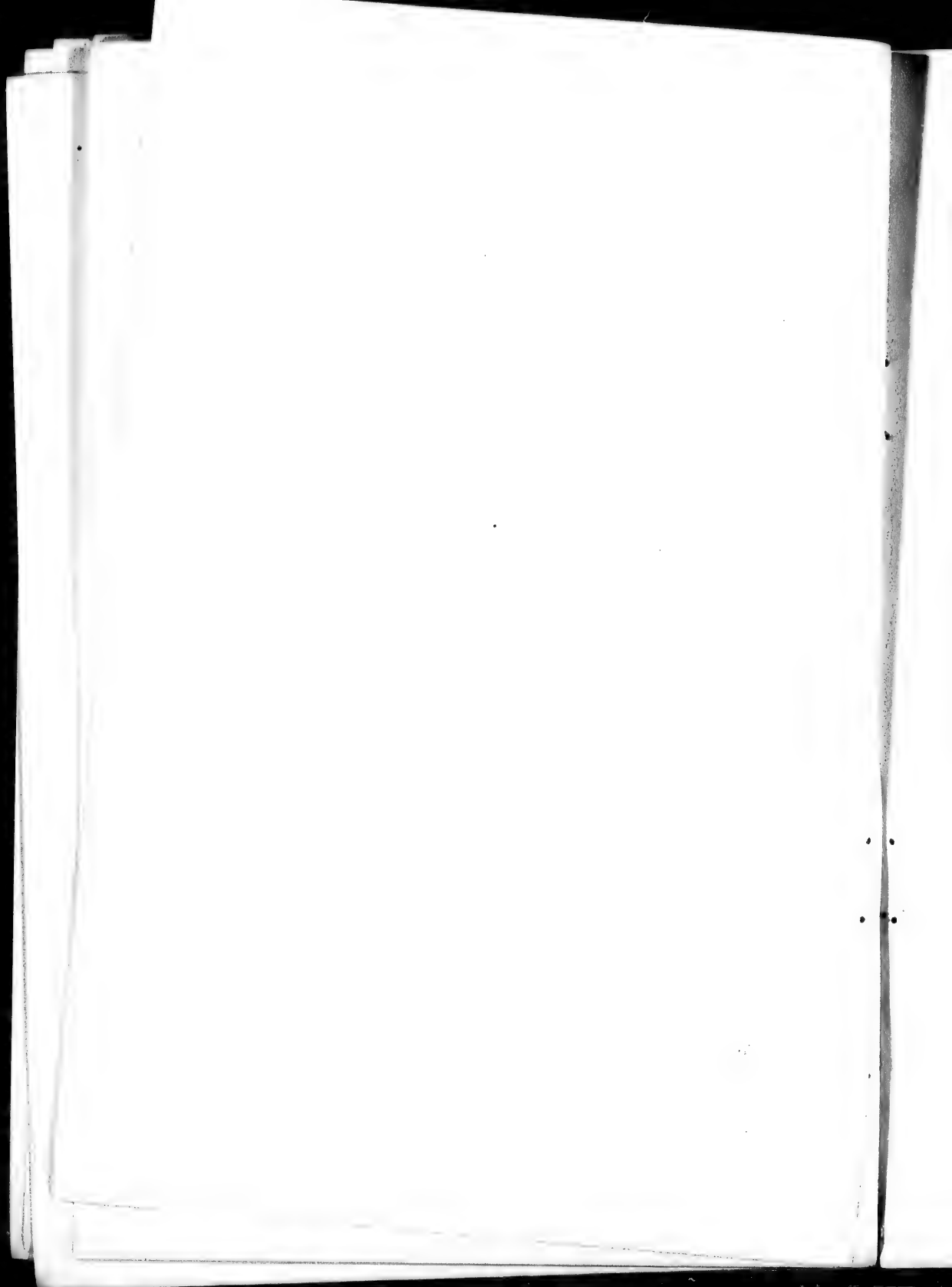




CANADA

Operations of the Money Order System for years ended June 30th 18-



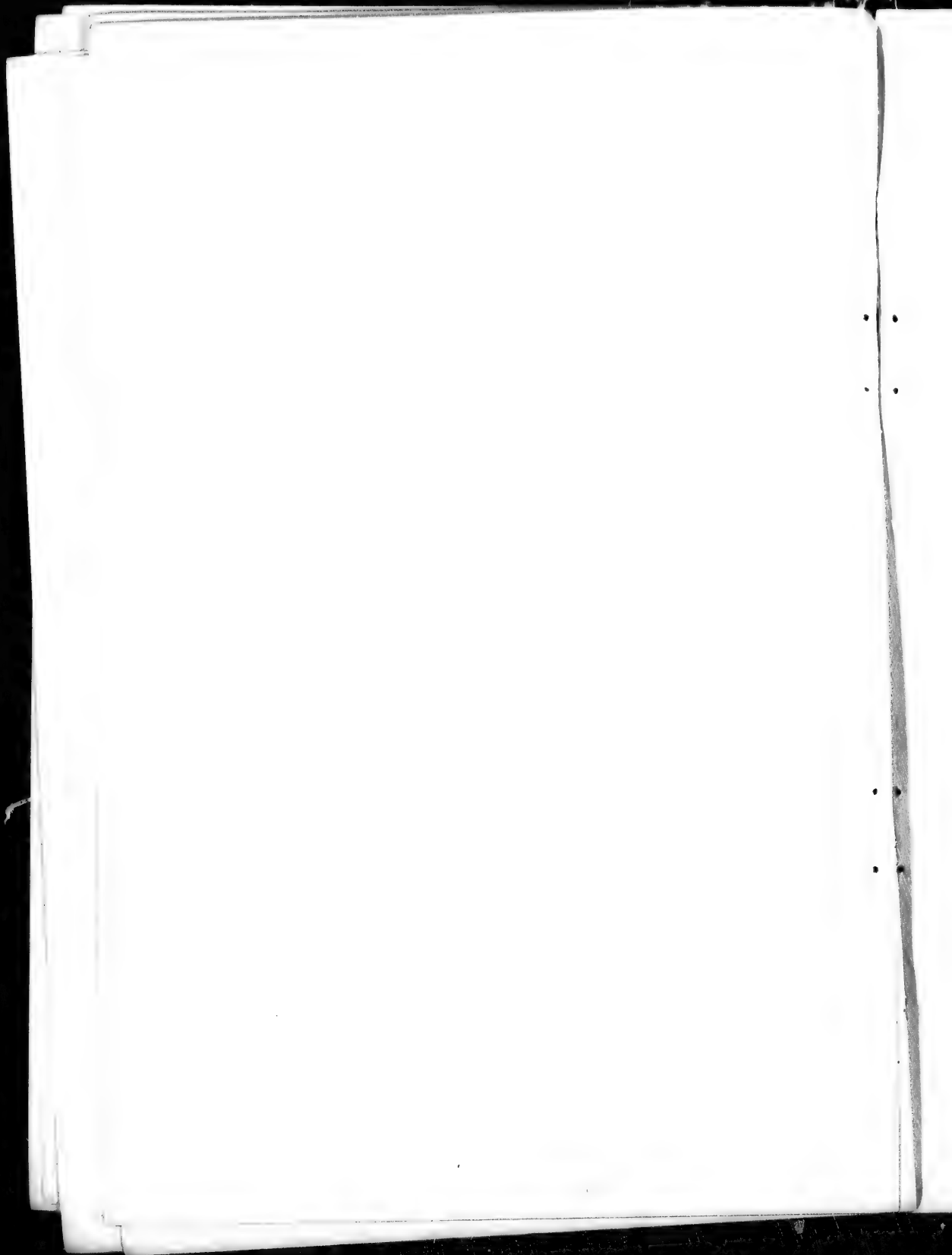


CANADA

Post Offices.



NEWSPAPERS CARRIED BY POSTAL DEPT	NUMBER OF POST OFFICES	LETTERS & POSTAL CARDS POSTED.
1868 18,860	1887 7534	1868 18,100
" 69 18,700	1886 7295	" 69 21,920
" 70 20,130	1885 7084	" 70 24,500
" 71 22,250	1884 6837	" 71 27,050
" 72 24,400	1883 6395	" 72 30,600
" 73 25,480	1882 6171	" 73 34,579
" 74 29,000	1881 5935	" 74 39,358
" 75 31,300	1880 5773	" 75 42,000
" 76 38,550	1879 5606	" 76 46,446
" 77 39,000	1878 5378	" 77 46,960
" 78 39,936	1877 5161	" 78 50,455
" 79 42,380	1876 5015	" 79 50,840
" 80 43,120	1875 4892	" 80 53,600
" 81 48,690	1874 4706	" 81 57,810
" 82 50,845	1873 4518	" 82 67,500
" 83 53,140	1872 4135	" 83 75,740
" 84 55,990	1871 3943	" 84 79,680
" 85 58,381	1870 3820	" 85 82,200
" 86 60,064	1869 3756	" 86 86,110
" 87	1868 3638	" 87 90,656
000 omitted.		
POSTAL REVENUE	DISTRIBUTION OF POST OFFICES.	POSTAL EXPENDITURE
1868 \$1,024,710	Ontario 1 to every 64 sq. Miles	1868 \$1,053,570
" 69 973,056	Quebec 1 " " 142 " "	" 69 1,079,828
" 70 1,010,767	Nova Scotia 1 " " 16 " "	" 70 1,155,261
" 71 1,079,767	New Brunswick 1 " " 26 " "	" 71 1,271,006
" 72 1,193,062	P.E. Island 1 " " 7 " "	" 72 1,369,163
" 73 1,406,984	B. Columbia 1 " " 3250 " "	" 73 1,553,604
" 74 1,476,207	Main & North West 1 " 225 " "	" 74 1,695,480
" 75 1,536,509		" 75 1,873,241
" 76 1,484,886		" 76 1,959,758
" 77 1,501,134		" 77 2,075,618
" 78 1,620,022		" 78 2,110,365
" 79 1,534,363		" 79 2,167,266
" 80 1,648,017		" 80 2,286,611
" 81 1,767,953		" 81 2,333,189
" 82 2,022,098		" 82 2,459,356
" 83 2,364,384		" 83 2,687,394
" 84 2,330,741		" 84 2,931,387
" 85 2,400,062		" 85 3,097,882
" 86 2,469,379		" 86 3,380,411
" 87 2,603,256		" 87 3,458,101

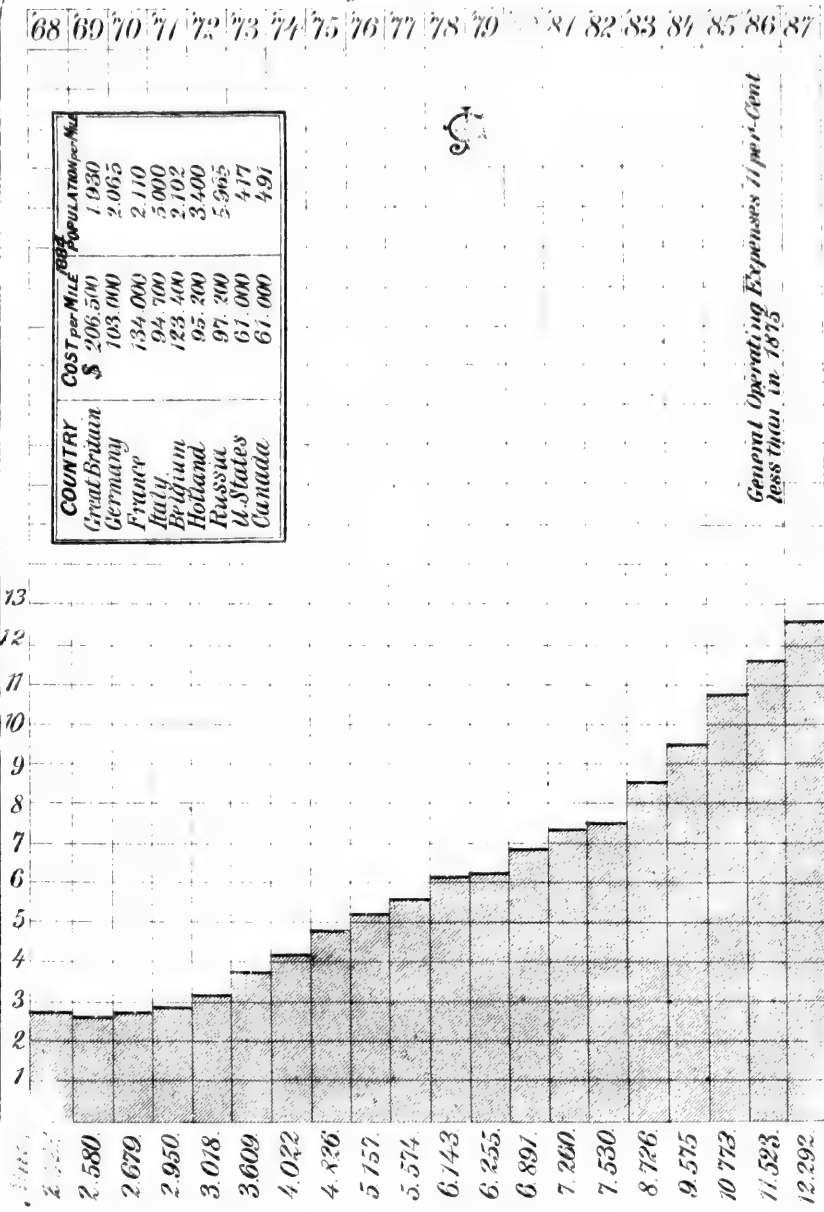


RAILWAYS IN CANADA,

June 30th

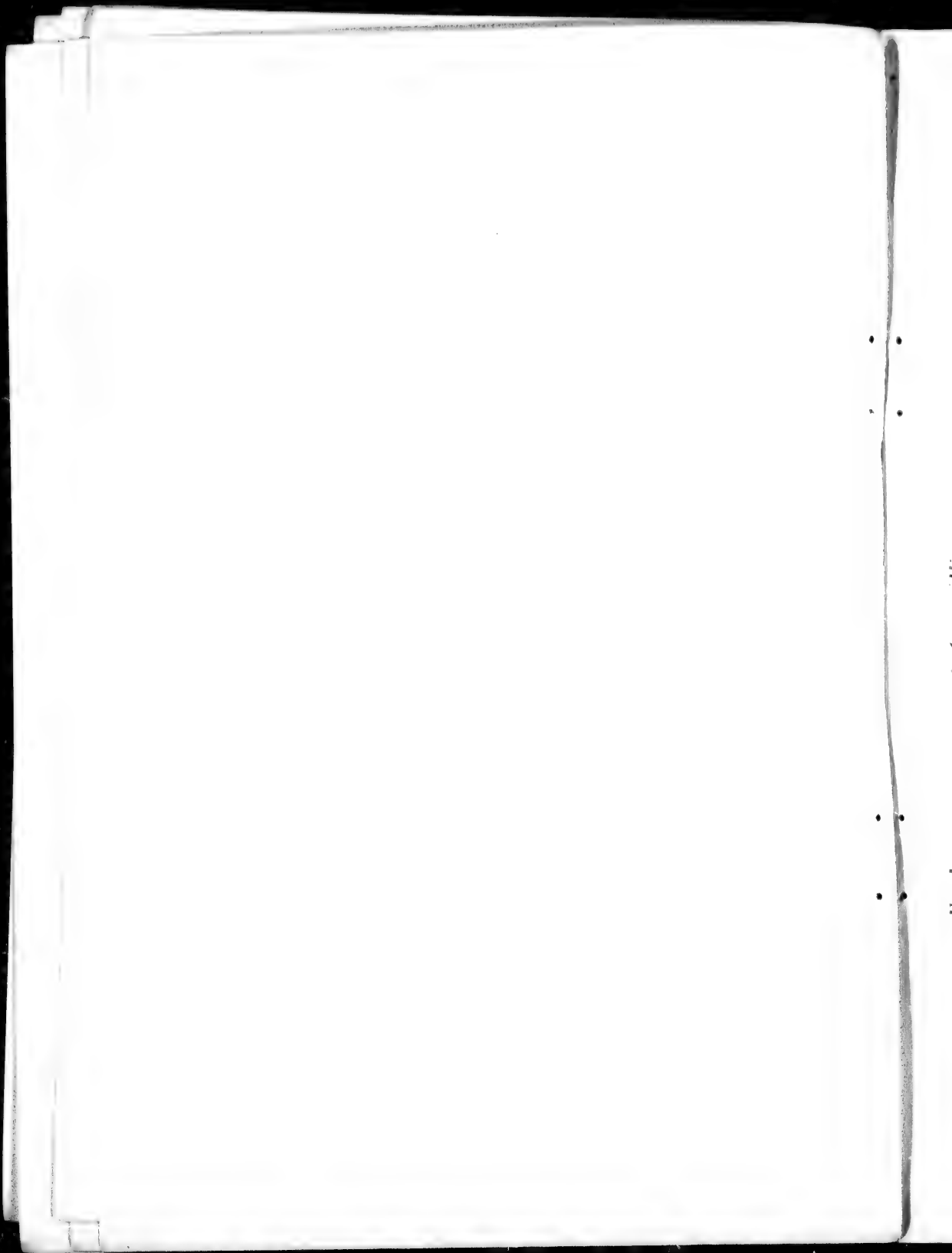
years 18-

MILES COMPLE...
each Square equal to 1000 Miles.



COUNTRY	COST per MILE \$	POPULATION per Sq. M.
Great Britain	206,500	1,930
Germany	103,000	2,065
France	134,000	2,110
Italy	94,700	5,000
Belgium	123,400	2,102
Holland	95,200	3,400
Russia	97,200	5,965
U. States	61,000	417
Canada	61,000	491

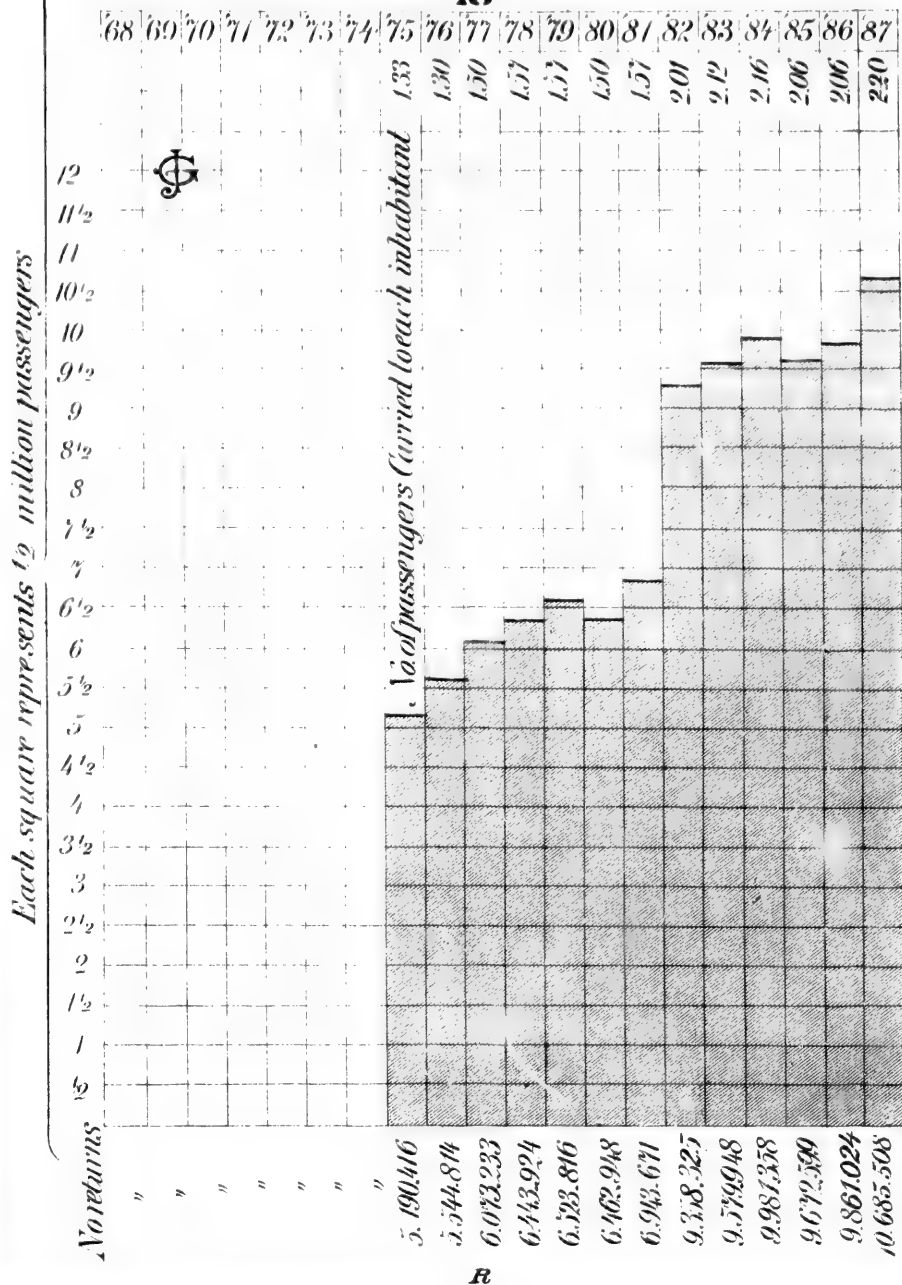
General Operating Expenses 11 per Cent less than in 1875

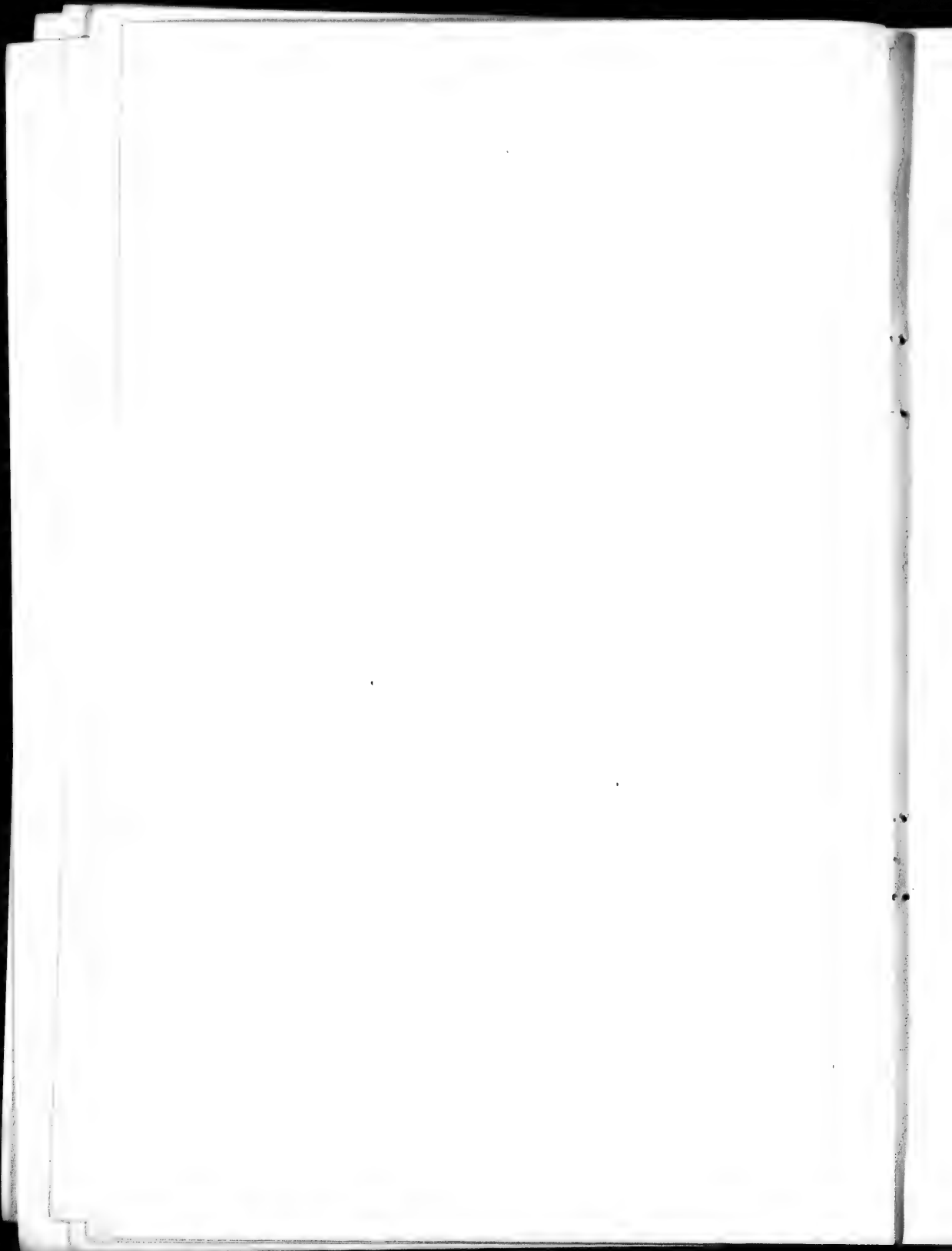


**CANADIAN RAILWAYS.
PASSENGERS CARRIED.**

for years ended June 30th

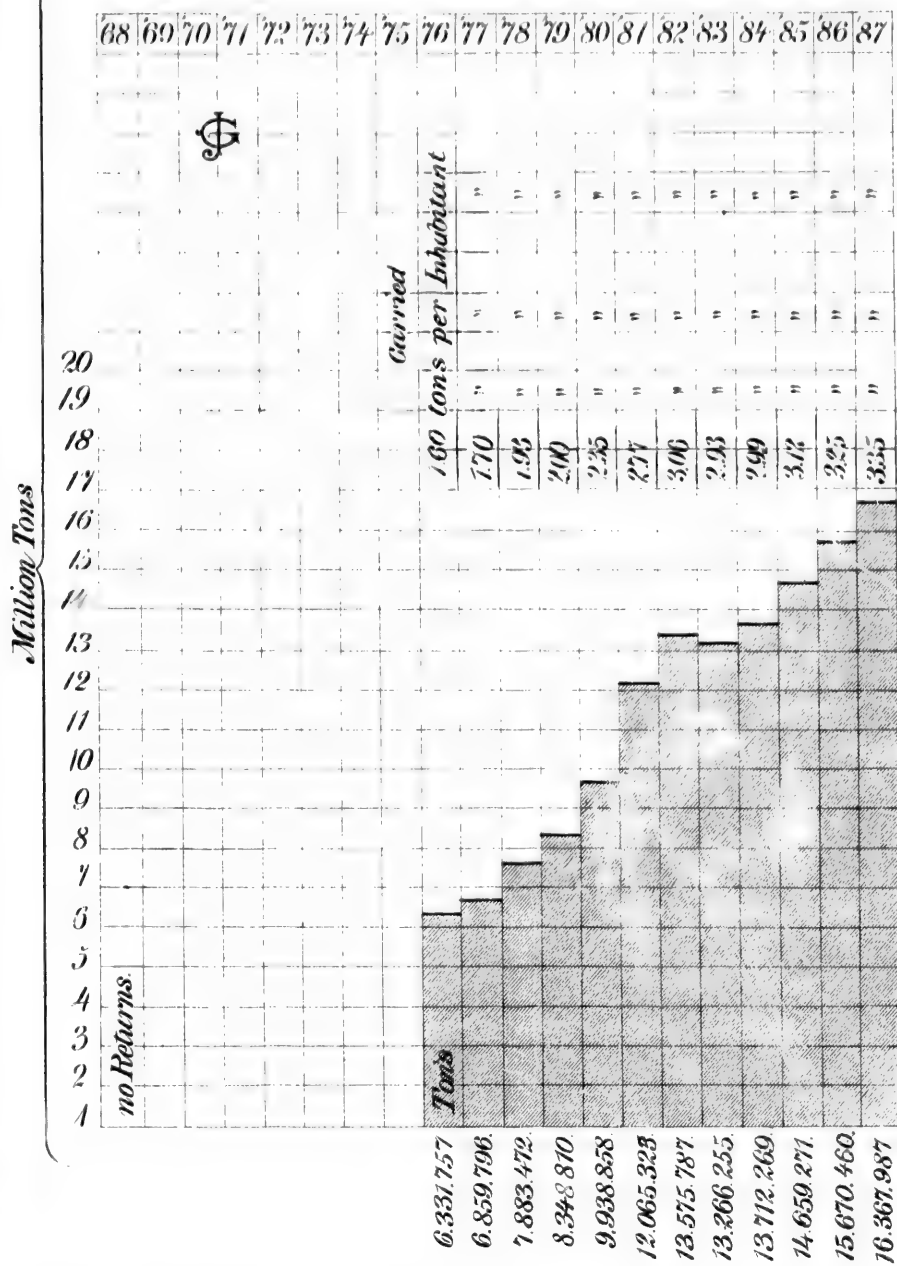
18—

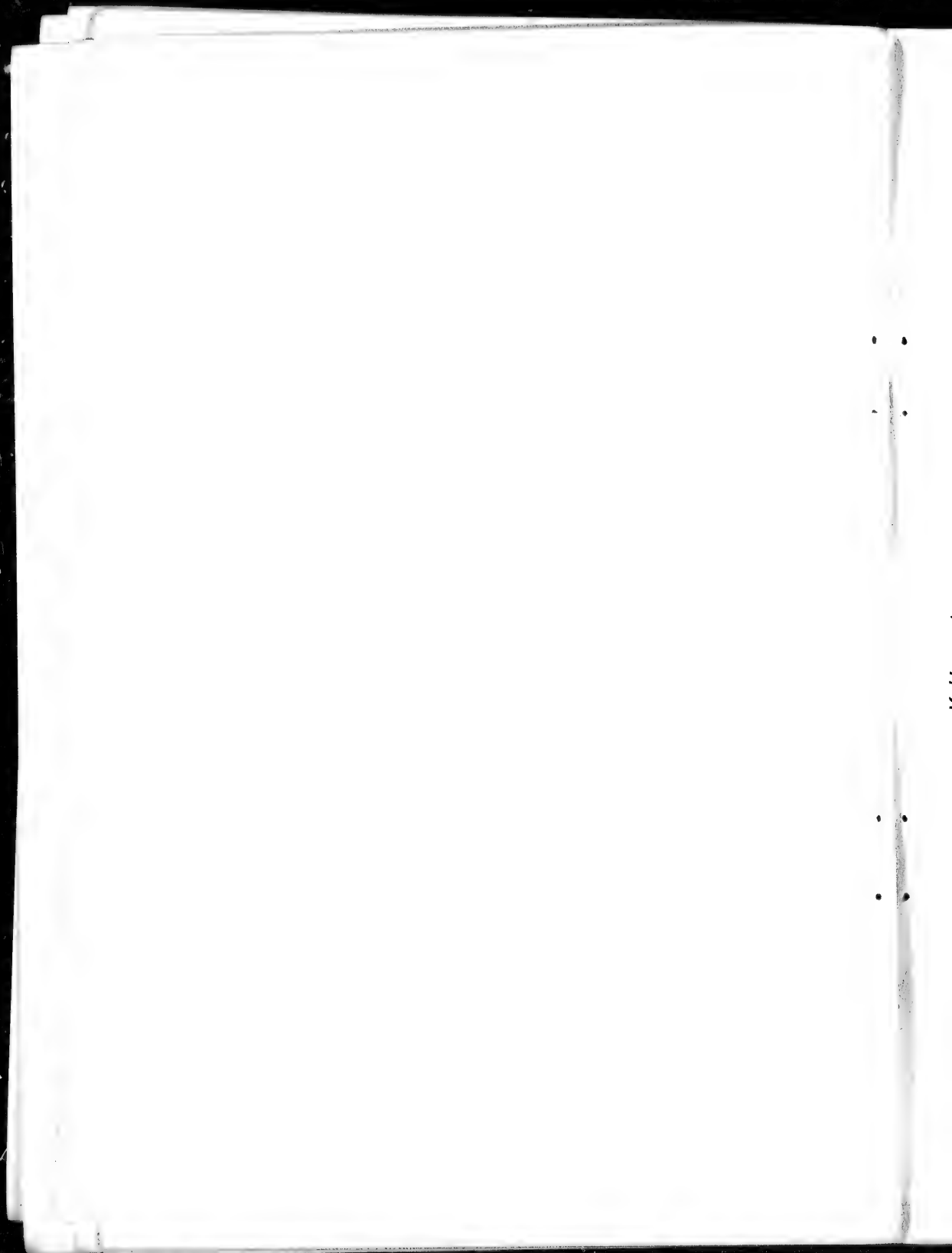




RAILWAYS OF CANADA, TONS CARRIED.

18—



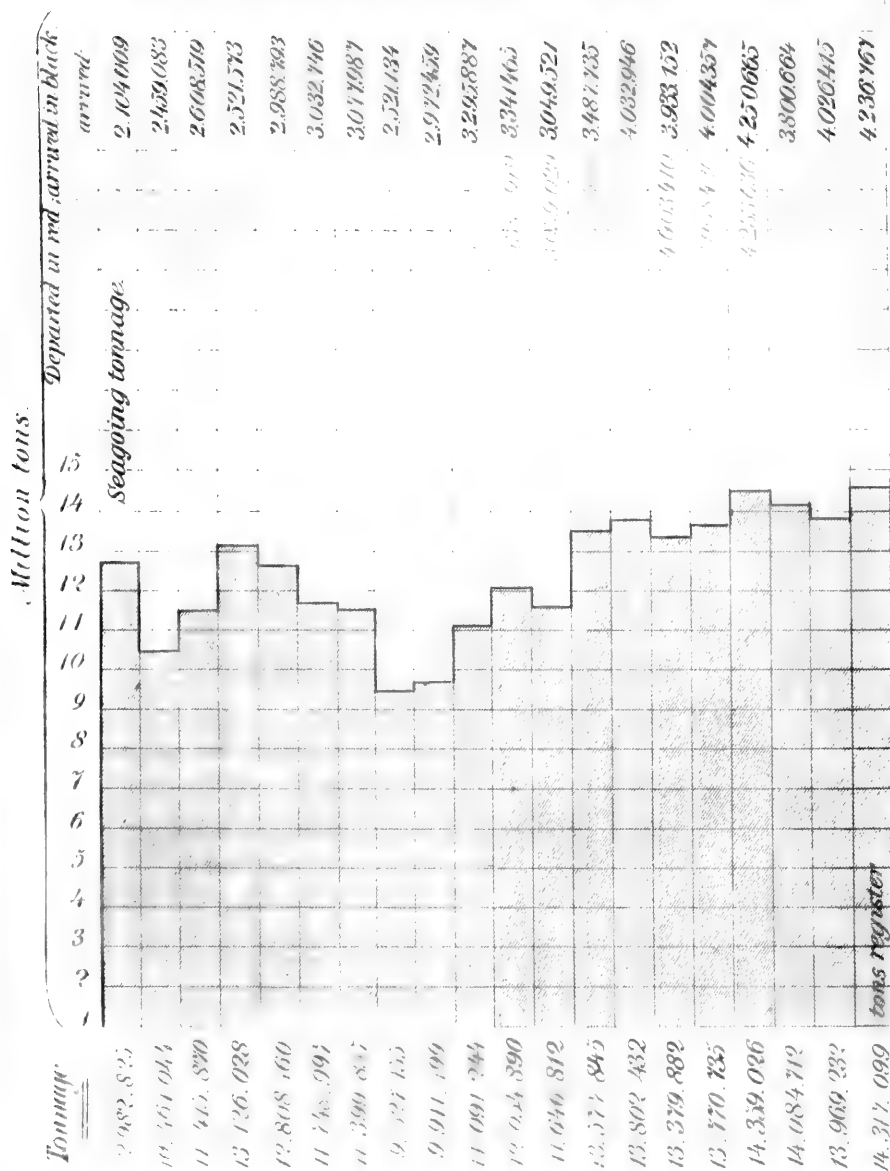


Sea going & Inland Lakes;
SHIPPING EMPLOYED.
 not including Coasting Vessels



year 18-

'68 '69 '70 '71 '72 '73 '74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84 '85 '86 '87

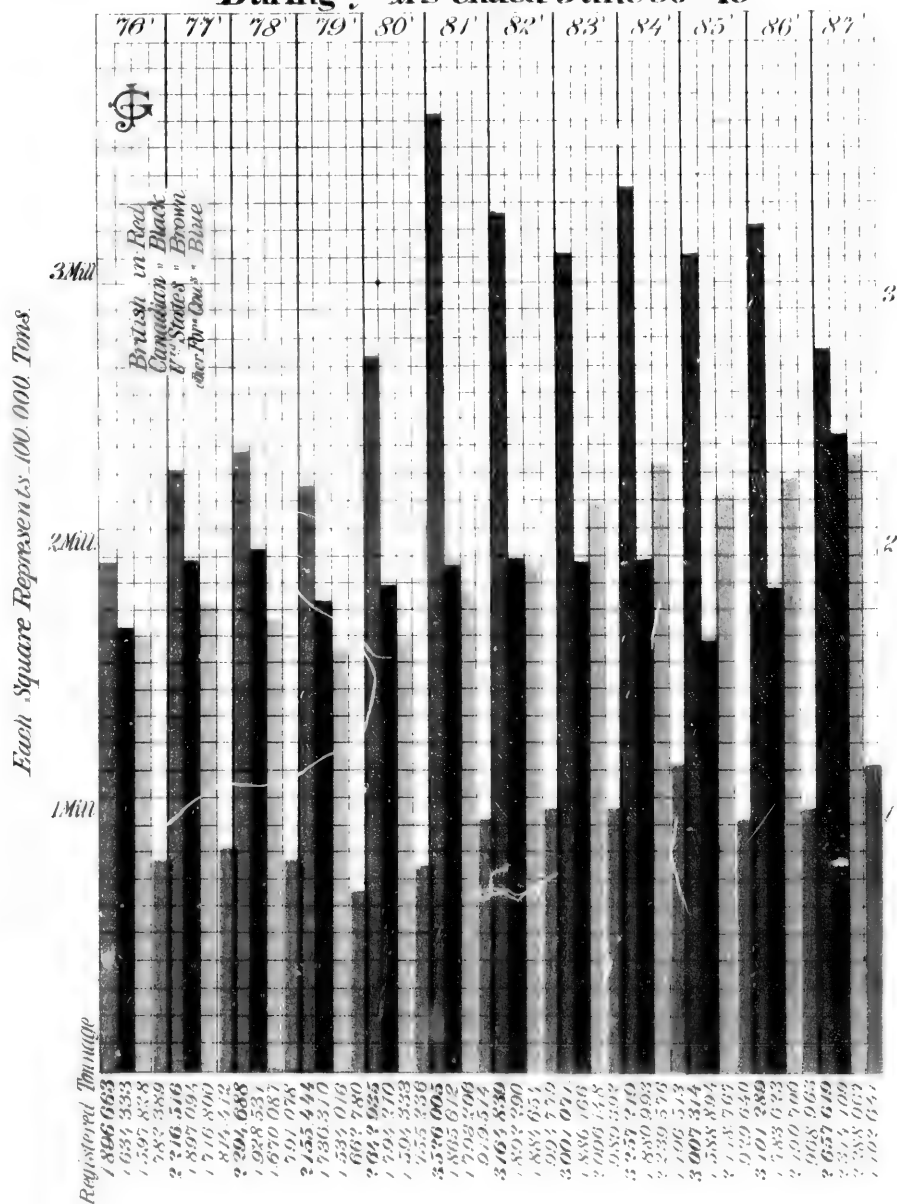


Each Square Represents 100,000 Tons.

CANADA. **Sea going Shipping (Arrived & Departed.)**

48½

by **NATIONALITIES.**
 During **12** months ended June 30th 18-



in Millions tons

17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
REGISTERED TONS

CANADA COASTING TRADE

Tonnage employed

49

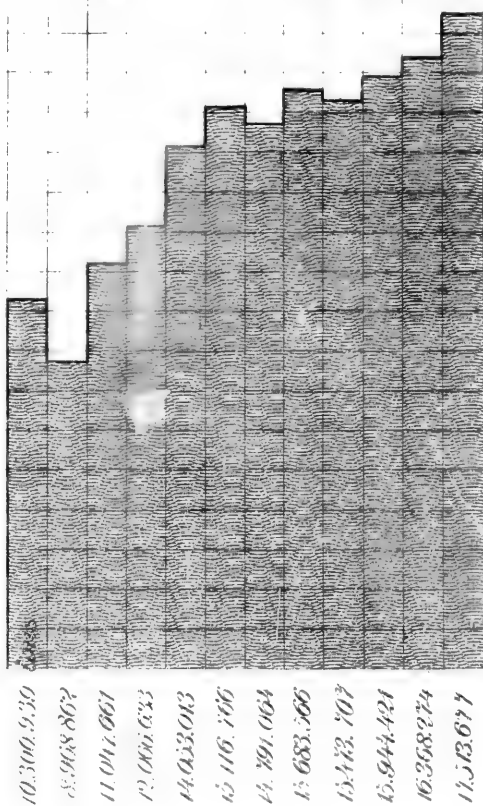
18-

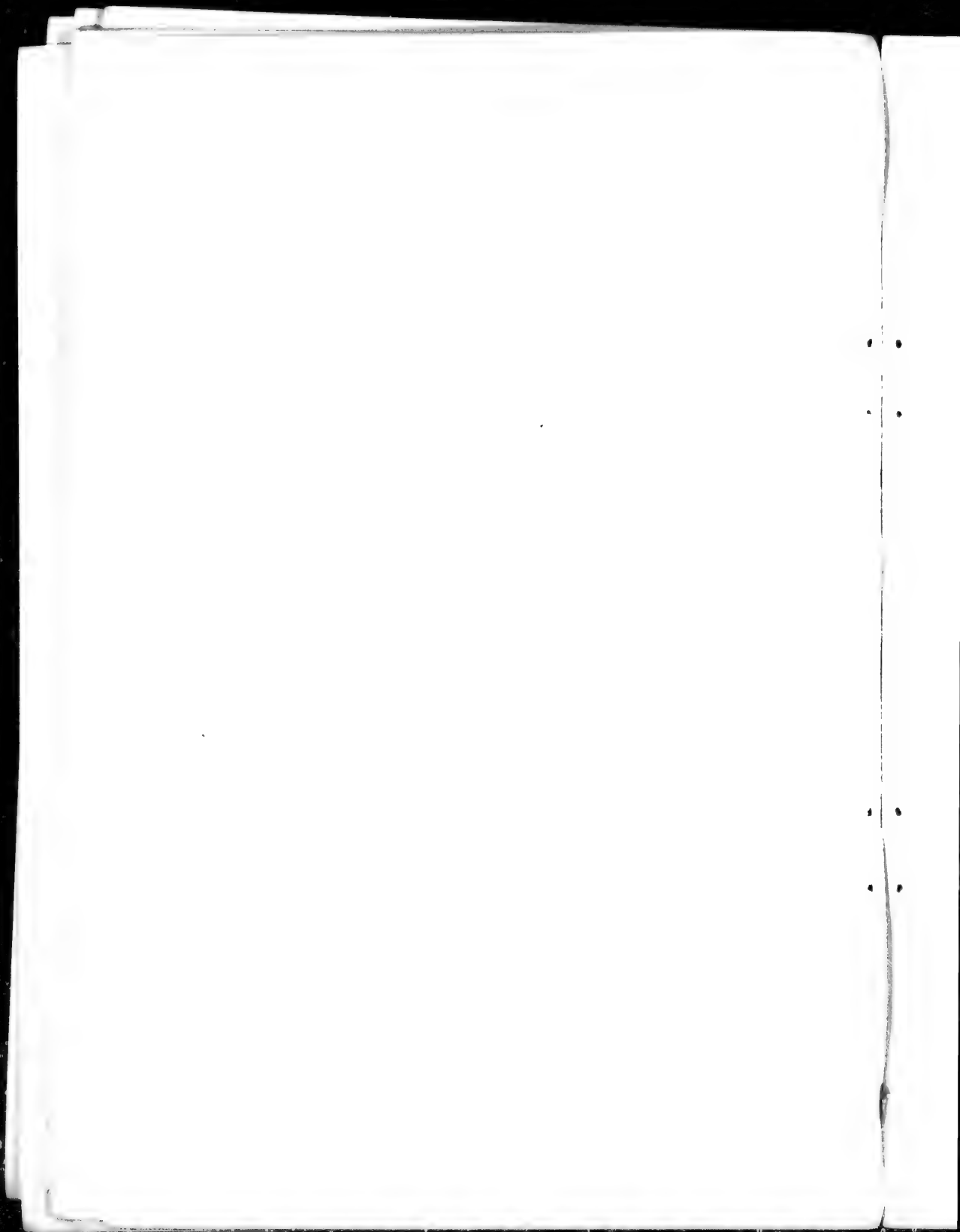
68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87

in Millions tons

No returns

REGISTERED TONS

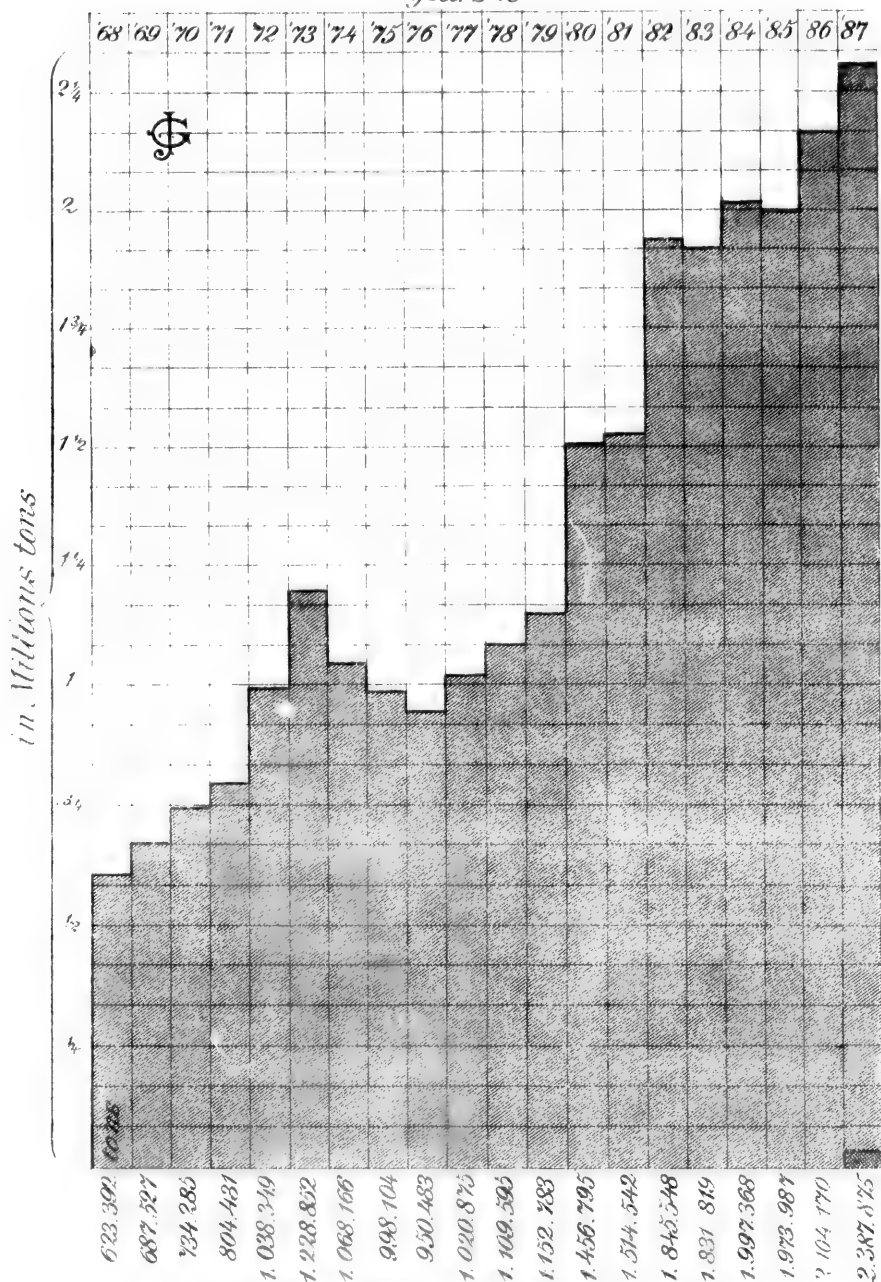




TOTAL PRODUCTION OF COAL IN THE DOMINION

Net Tons of 2000 Pounds

years 18-



NOVA SCOTIA COAL SALES, (INTONS)

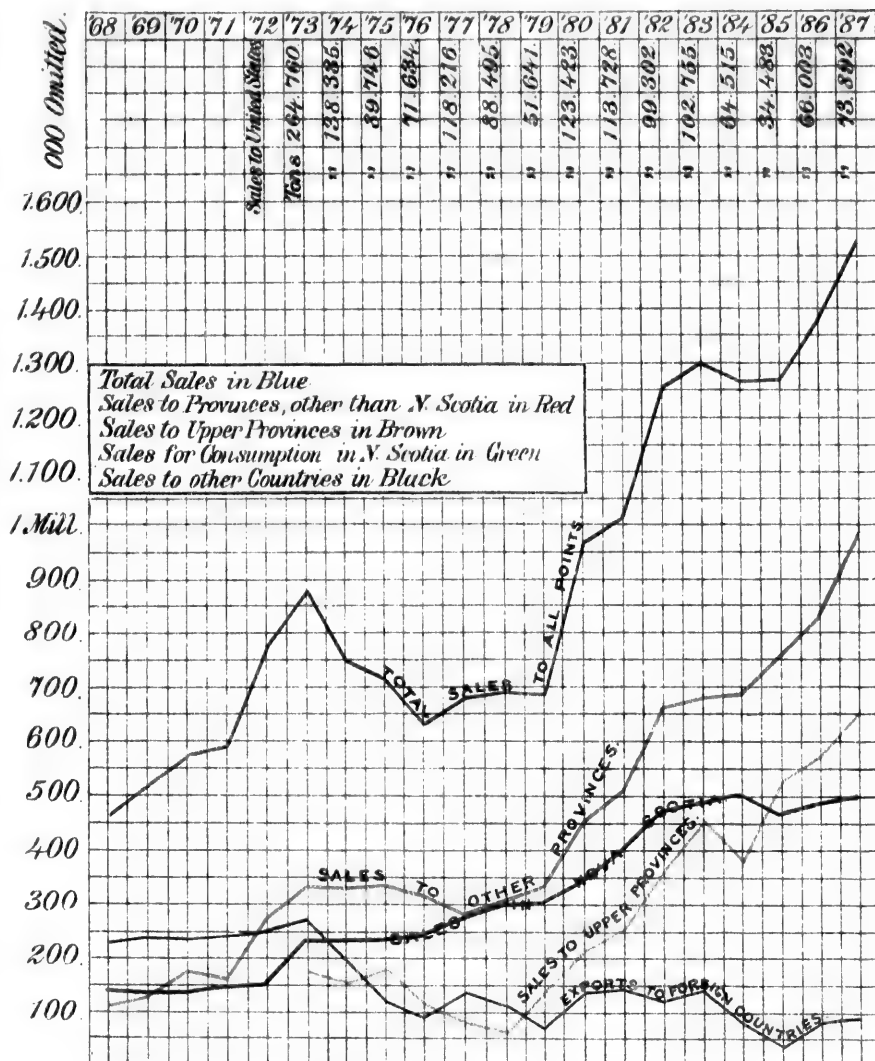
during Years ended Dec.31st 18-

Year	COLUMN 1 TOTAL SALES	COLUMN 2 SALES TO NEIGH. PROVINCES	COLUMN 3 SALES TO OTHER COUNT.	COLUMN 4 SALES FOR HOME CONSUM.	ANALYSIS OF COLUMN NO 2			
					SALES TO QUEBEC	SALES TON BRUNSWICK	SALES TO PE ISLAND	SALES TO NEWFOUNDLAND
1868	453 624	102 814	233 179	117 631				
" 69	511 795	129 148	266 220	116 427				
" 70	568 277	172 978	265 147	130 152				
" 71	596 449	168 578	278 209	149 632				
" 72	785 515	280 553	300 055	205 306				
" 73	881 106	337 977	327 834	245 295	187 059	68 217	26 810	55 861
" 74	749 127	338 754	195 408	114 965	162 269	78 841	44 948	55 696
" 75	706 165	381 711	112 454	212 630	189 754	85 968	13 644	62 348
" 76	635 207	317 843	90 706	225 658	117 303	101 890	16 908	51 742
" 77	687 065	294 447	136 828	255 790	95 118	101 818	15 669	49 342
" 78	623 511	303 728	109 661	279 172	83 710	115 245	13 112	61 361
" 79	688 624	341 391	69 113	278 120	154 118	84 731	11 891	57 651
" 80	954 650	453 301	148 445	322 913	239 091	97 817	46 767	69 626
" 81	1 035 014	503 641	148 960	382 413	268 628	123 526	49 313	62 174
" 82	1 250 179	666 476	124 751	458 952	383 031	153 617	50 096	79 732
" 83	1 292 523	688 111	138 085	471 327	410 605	167 740	48 088	61 678
" 84	1 261 650	691 817	76 783	493 050	396 782	158 420	50 399	86 216
" 85	1 254 510	769 643	40 245	454 652	493 917	148 634	52 770	74 322
" 86	1 373 666	835 324	78 105	460 237	538 762	175 918	49 168	71 476
" 87	1 519 684	970 037	80 183	469 464	650 858	186 511	50 615	82 053

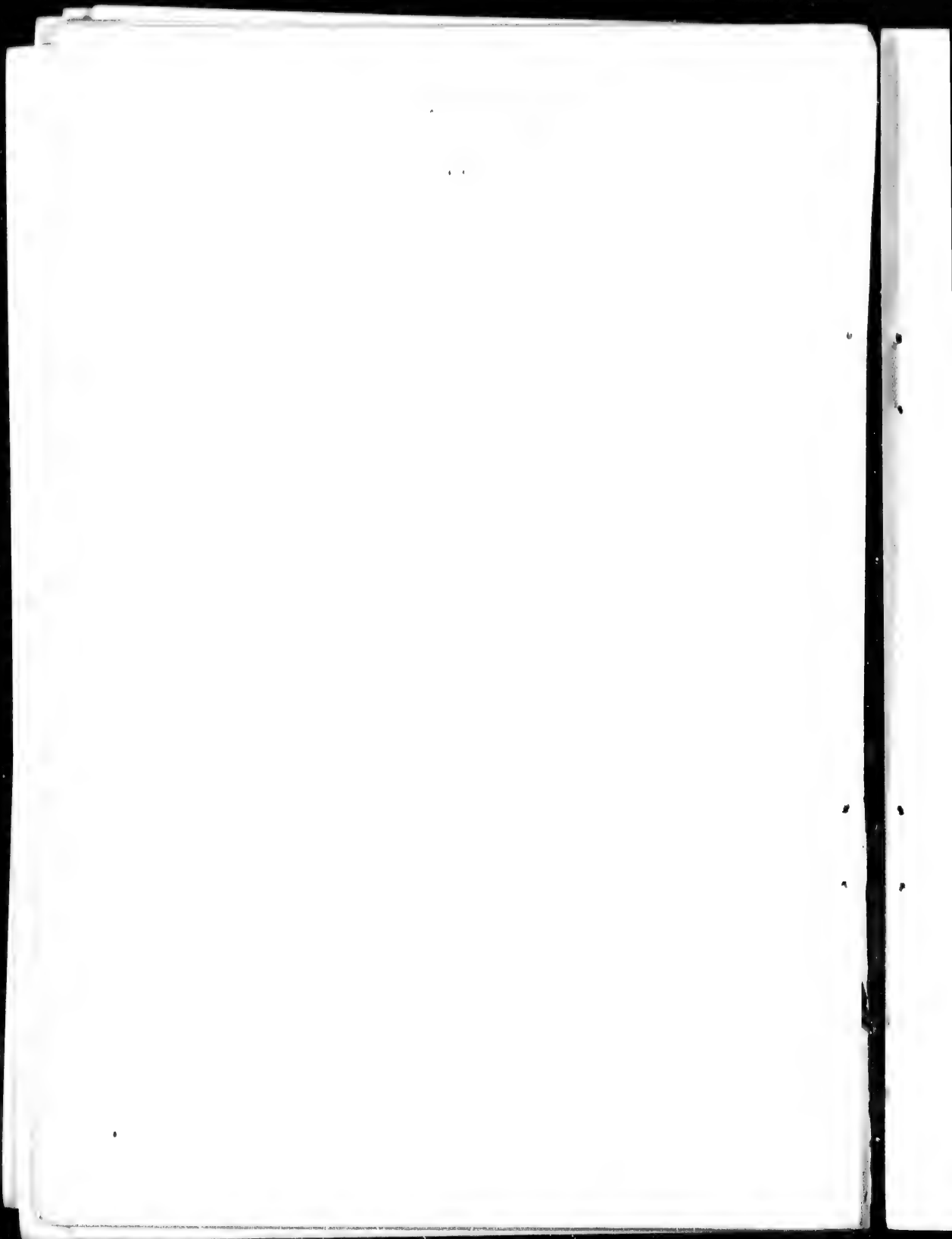
NOVA SCOTIA

GOAL SALES, (IN TONS)

during Year's ended Dec 31st 18-



1868	1 273 666	835 324	78 105	400 237	538 762	175 918	49 168	71 476
1869	1 519 687	970 037	80 183	469 464	650 858	186 511	50 615	82 053

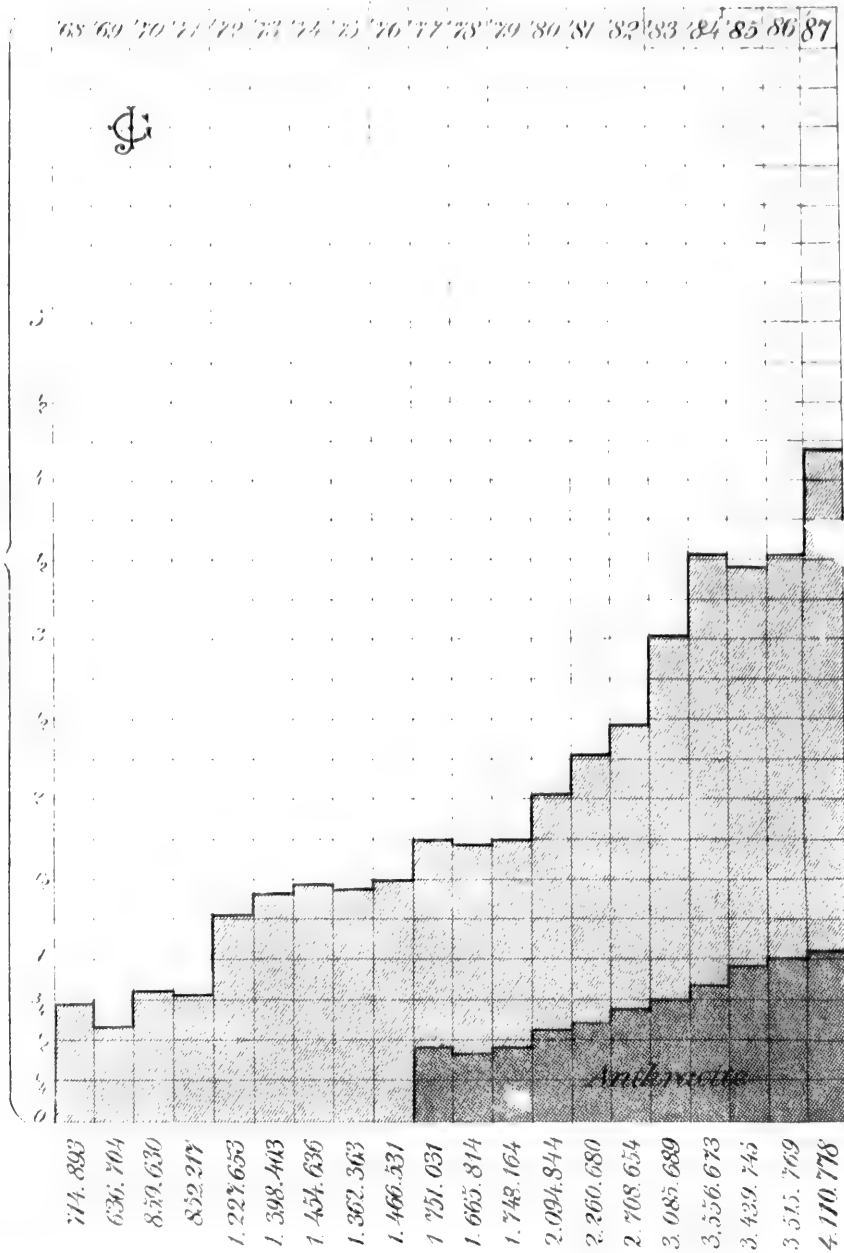


TOTAL CONSUMPTION OF COAL IN THE DOMINION ⁶⁹

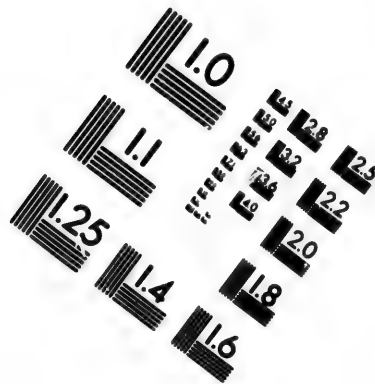
Net Tons of 2000 Pounds

years 18

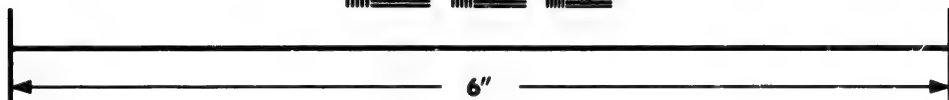
in Millions tons







A resolution test chart featuring various patterns of horizontal and vertical lines of increasing frequency. Each pattern is accompanied by a numerical value indicating its resolution. The values include 1.0, 1.1, 1.25, 1.4, 1.6, 1.8, 2.0, 2.2, 2.5, 2.8, 3.2, 3.6, 4.0, 4.5, 5.0, 5.6, 6.3, 7.1, 8.0, 9.0, 10, 11.2, 12.5, 14, 16, 18, 20, 22.5, 25, 28, 32, 36, 40, 45, 50, 56, 63, 71, 80, 90, 100, 112, 125, 140, 160, 180, 200, 225, 250, 280, 320, 360, 400, 450, 500, 560, 630, 710, 800, 900, 1000, 1120, 1250, 1400, 1600, 1800, 2000, 2250, 2500, 2800, 3200, 3600, 4000, 4500, 5000, 5600, 6300, 7100, 8000, 9000, 10000.



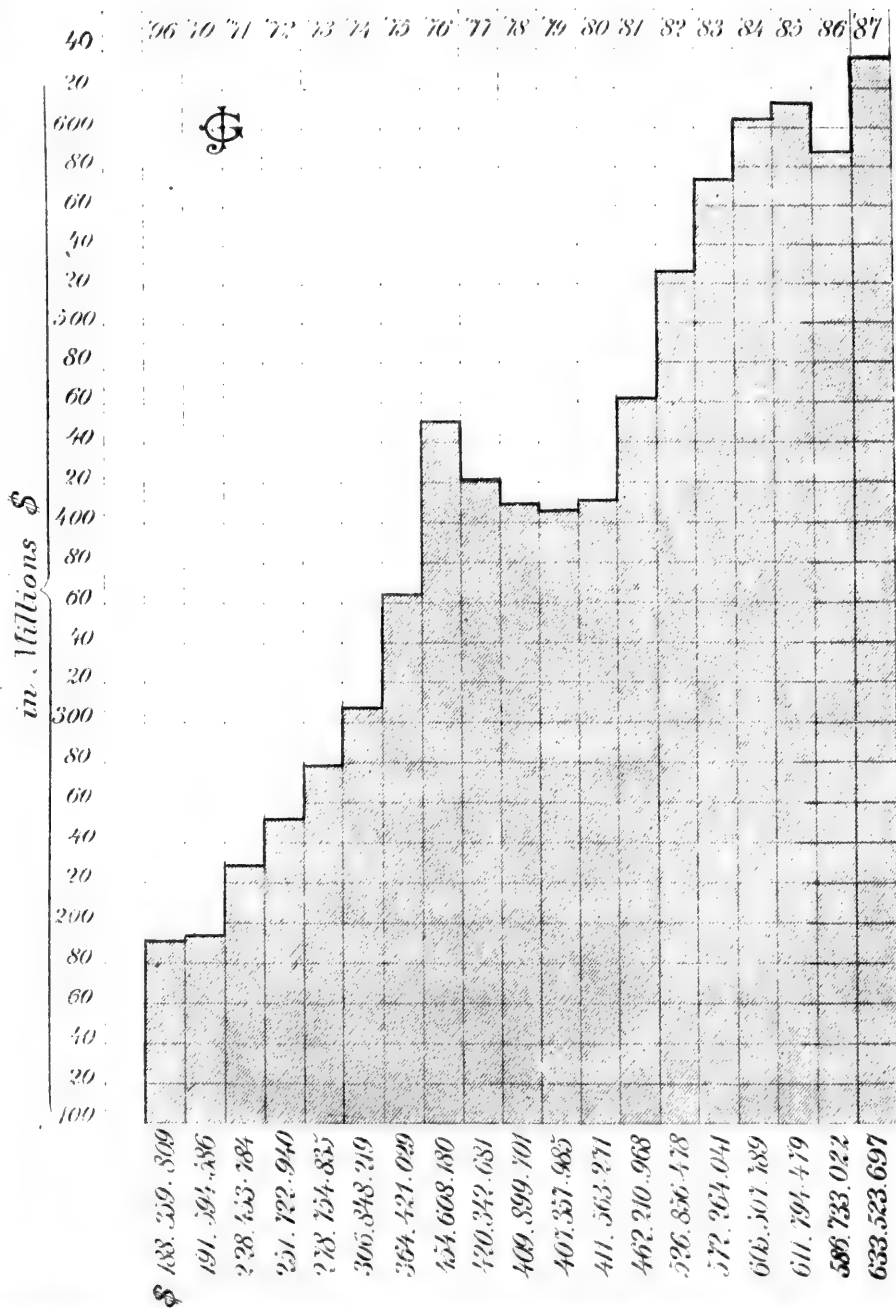
**23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503**

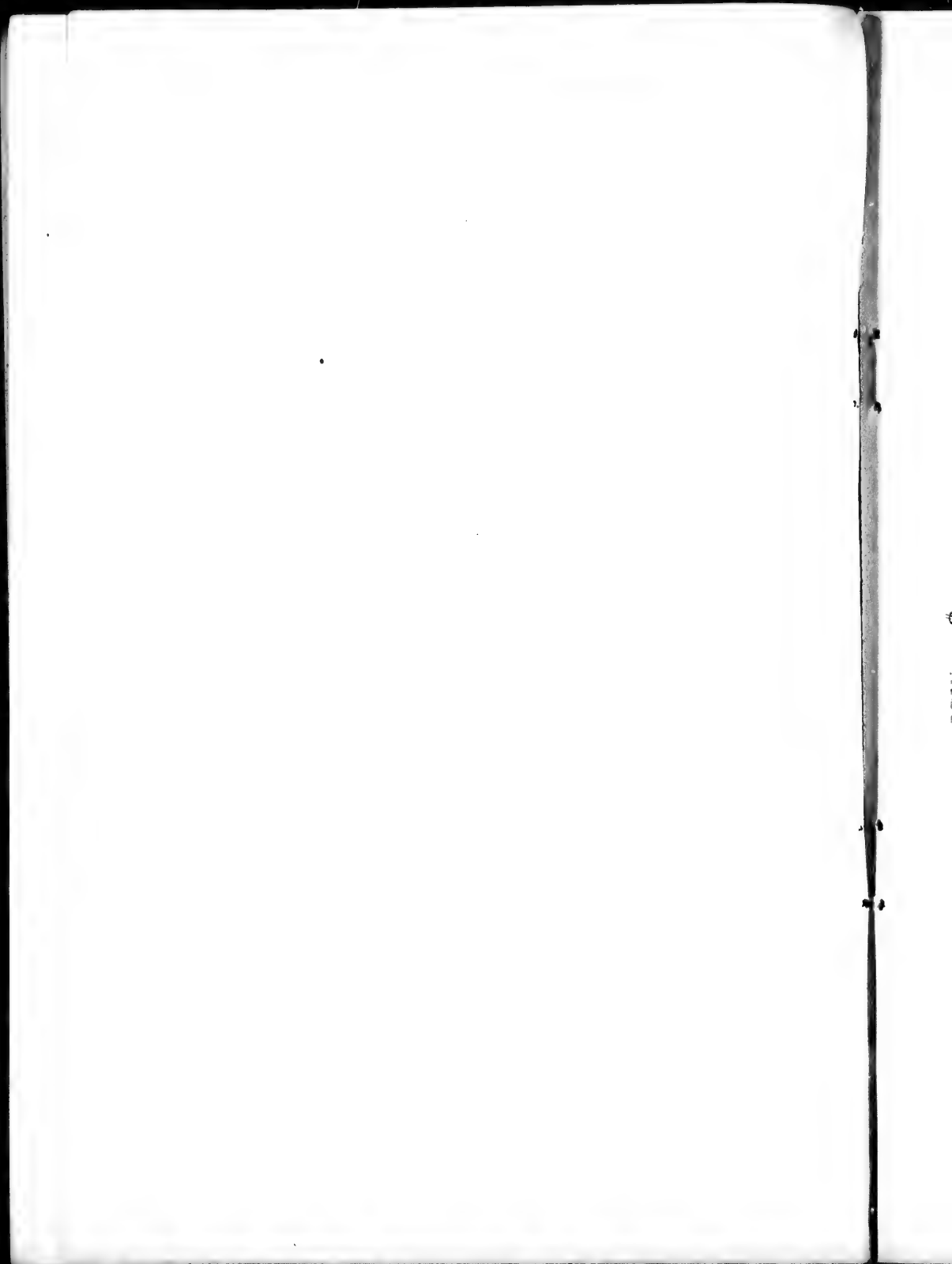
in Millions \$

FIRE INSURANCE IN CANADA

Amount at risk Dec. 31st

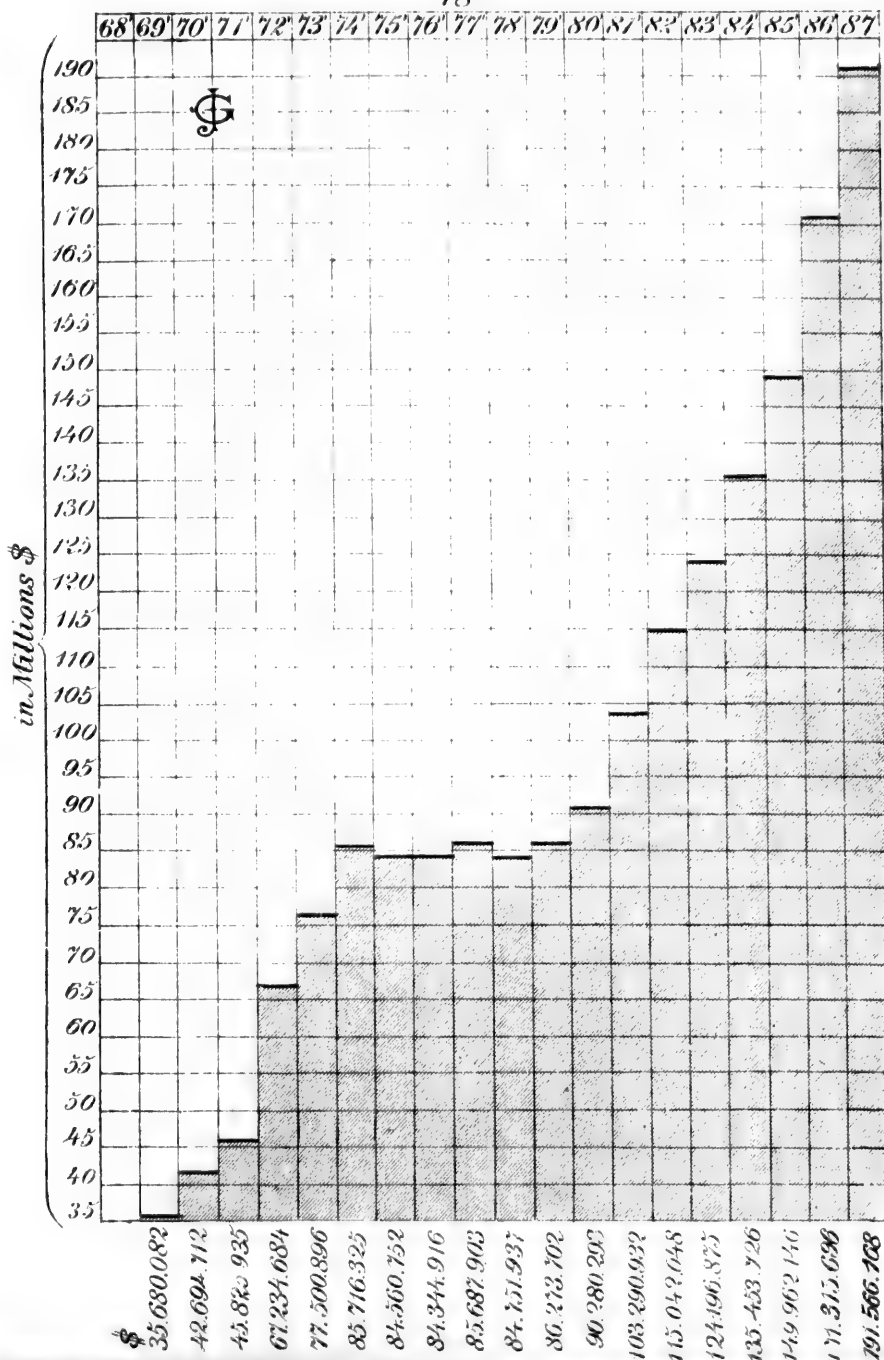
18





LIFE INSURANCE IN CANADA

Net Amount in force
18-



I

183

180

175

170

165

160

155

150

145

140

135

130

125

120

115

110

105

100

95

90

85

80

75

70

65

60

55

50

45

40

35

30

25

20

15

10

5

0

1

2

3

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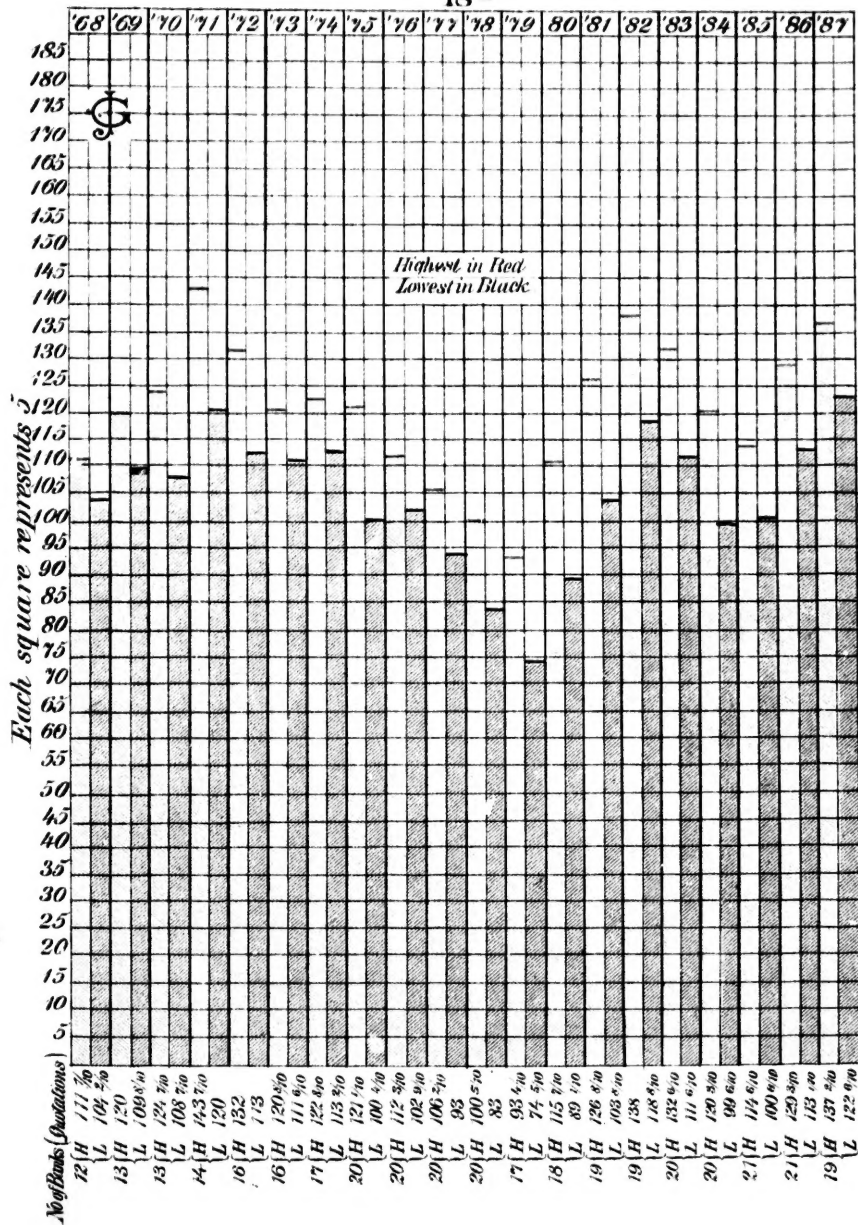
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CANADIAN BANK STOCKS, **Highest & Lowest Quotations in Montreal** during years ended Dec. 31st

75

18-



67

DATE
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DATE	AMOUNT	NATURE	PERCENT	INTEREST	PAID
1869	2000000	U.S. Government	5%	100000	100000
1873	2000000	U.S. Government	5%	100000	100000
1874	4000000	U.S. Government	5%	200000	200000
1875	2000000	U.S. Government	5%	100000	100000
1876	2000000	U.S. Government	5%	100000	100000
1878	3000000	U.S. Government	5%	150000	150000
1879	3000000	U.S. Government	5%	150000	150000
1884	5000000	U.S. Government	5%	250000	250000
1885	4000000	U.S. Government	5%	200000	200000

INTEREST PAID IN LONDON JULY 1887

DATE	AMOUNT	NATURE	PERCENT	INTEREST	PAID
1887	1000000	U.S. Government	5%	50000	50000
1888	1000000	U.S. Government	5%	50000	50000

Interest Paid: \$1,000,000
Average Rate of Interest: 5%
Total: \$1,000,000

Par Value
Per Cent
5%
4%
3%

Each Square Represents 1 per Cent

5 per Cent in Red
4 " " " Blue
3½ " " " Black